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ADITYA BIRLA
HINDALCO

"Our goal is to become a US $65 billion Group by 2015 from US $30 billion today. We expect your company to contribute significantly to this growth and earnings."

KUMAR MANGALAM BIRLA

HINDALCO INDUSTRIES LIMITED
ANNUAL REPORT | 2009–2010

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Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.
We live by their values.
Integrity, Commitment, Passion, Seamlessness and Speed

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THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholder,

The global economy is gradually emerging from the throes of the meltdown of 2008. While growth rates have picked up, it will still be a while to get back to the pre-crisis path. However, the fundamentals of the global economy appear to be reasonably good. The IMF has forecasted a growth of 2.3% for the advanced countries and 6.3% for the emerging economies for 2010. Of all the countries, China's growth has been most impressive. Its economy has recorded a double-digit growth for several quarters. And it continues to surge.

India also is on a strong growth trajectory. Our economy is slated to grow in excess of 8%. Consumer spending is gaining momentum. Private investment is picking up steam. Globally and in India, the trend is encouraging. These impact your Company's growth and performance.

For the Financial Year 2009-10, your Company's performance has been phenomenal both at the standalone and consolidated level. Your Company's Net Revenue on consolidated basis stood at

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US $ 12.8 billion (Rs. 60,722.1 crores). Significantly, Net Profit at US $ 829.2 million (Rs. 3,925.5 crores) soared by 712%, in comparison to previous year.

For the Financial Year 2009-10, your Company's performance has been phenomenal both at the standalone and consolidated level. Your Company's Net Revenue on consolidated basis stood at US $ 12.8 billion (Rs.60,722.1 crores). Significantly, Net Profit at US $ 829.2 million (Rs.3,925.5 crores) soared by 712%, in comparison to previous year.

A number of strategic initiatives have been taken by your Management in the interest of its multiple stakeholders. As these have been detailed in the 'Management Discussion and Analysis', I will give you a helicopter view.

Your Company is today a premium metals major, global in size and reach. Today 76% of its US $ 12.8 billion sales at the consolidated level are from outside India. Likewise, 61% of its assets are spread across the world.

Despite the extremely challenging macro-environment, your Company has outperformed its peers. And I have every reason to believe that this trend will continue.

The integrated nature of aluminium and copper, have been the major performance drivers. For instance, in the aluminium business bauxite mining to value added downstream products and in the copper business, copper mining to value added products along with the fertilizer stream and precious metal refinery bolstered growth.

Your Company's strategy of building a portfolio of an extremely volatile yet high profit upstream business and a relatively low margin but stable downstream businesses of Novelis as well as Copper, has worked well in a time of low aluminium prices. Your Company's operational performance at your Company has been the best ever. Both Aluminium and Copper production have reached new highs.

Having said that, I must add that for Novelis too, your Company's subsidiary it has been an unprecedented year. The high point has been the turnaround of Novelis. This was accomplished through a slew of initiatives. Strategic measures, realignment of the product line to the revised demand scenario, closure of some capacities, pruning of overhead costs and prudent inventory management altogether have generated measurable returns across Novelis's global operations.

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Novelis has been rejuvenated. Its focus shifted. Novelis' paradigm changed from being volume driven to profit driven. The Company also went for higher pricing. Its adjusted EBITDA at US $ 754 million represents a 55% increase over the preceding year. Novelis now has free cash flows of US $ 355 million and a liquidity available of almost US $ 1 billion. This is a great accomplishment for a company that was written off by investors not so long ago. Novelis is now set to grow on a strong base.

The process of marrying Novelis' high end technology with Hindalco's cost focus is also progressing well.

The process of marrying Novelis' high end technology with Hindalco's cost focus is also progressing well. The high-cost assets of Rogerstone in UK are being moved to Hirakud in Orissa, close to our smelter. This will act as a hub for Can body stock. In turn it will help us grow the highly potential beverage Can market in India.

I am also pleased to record that Aditya Birla Minerals Ltd., your Company's Australian subsidiary, also witnessed a turnaround in its financial performance, largely due to sustained cost management processes. It has reported a PAT of AUD 61.4 million, as against a loss of AUD 76 million in the earlier year.

All of your Company's Greenfield projects – Utkal Alumina, Mahan Aluminium, Aditya Aluminium and Jharkhand Aluminium are on course. Regardless of the tough financial markets, your Company has made considerable progress on each of them. Let me reiterate that when these projects go on stream, your Company would be a 1.8 million tons Aluminium Company.

Outlook

It is apparent that the volatile financial and commodity markets in the last two financial years have severely tested the resilience of your Company's business model. It has been baptism by fire and your Company has emerged much stronger. Your Company's ongoing focus on cost optimization, operational excellence and the integrated business approach will ensure its long term success. The outlook is cautiously optimistic in the near future, before the impending quantum growth leap.

To our teams

I very warmly want to thank all of our colleagues in Hindalco for their immense contribution to your Company's praiseworthy performance. I look forward to their continued commitment to your Company's reaching greater heights and enhancing shareholder value.

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Today, we are a multicultural, multinational, multidimensional Group anchored by over 1,30,000 employees, belonging to 30 nationalities, across 6 continents. Our Group turnover is a little over US $ 29 billion. Our leadership across several levels is fleet of foot, flexible enough to adapt to the ever changing environment, and ambitious enough to dream

The Aditya Birla Group in perspective

Today, we are a multicultural, multinational, multidimensional Group anchored by over 1,30,000 employees, belonging to 30 nationalities, across 6 continents. Our Group turnover is a little over US $ 29 billion. Our leadership across several levels is fleet of foot, flexible enough to adapt to the ever changing environment, and ambitious enough to dream audaciously.

Our goal is to become a US $ 65 billion Group by 2015 from US $ 30 billion today. We expect your Company to contribute significantly to this growth and earnings.

To attain this bold and ambitious vision, we have launched a series of people centered strategies. I believe, the best of goals can only fruition if we have the best of people and harness people potential, irrespective of positions.

As the Group continues to expand globally, exploring and seizing opportunities, we have accelerated the pace of offerings to our intellectual capital. Our endeavour is to provide them with unparalleled opportunities, dynamic challenges, a rewarding professional career and a sense of fulfillment on the personal front. This is a priority area. To take this forward, we launched our employee value proposition. Simply put, it is "**a world of opportunities**". It entails the reinforcement of a four pronged approach.

Firstly, offering exciting career prospects that give employees a leeway to chart their own growth trajectory.

Secondly, intensifying learning processes that hone existing skills. Transcending it, we have taken the learning to a higher stage where talented employees are able to convert knowledge into action through exposure to the best global minds. For example, this year at **Gyanodaya**, our benchmarkable Institute of Management Learning, more than 500 colleagues at senior levels participated in specially designed, intellectually stimulating, innovative focused programmes. These related to globalization, leadership, innovation and getting far beyond the mind of the customer. These were

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conducted in collaboration with the best in class faculty from International Business Schools and consulting organizations. Among these feature, The Ross School of Business, The Duke University, UCLA (all from USA), ISB (Hyderabad), The Hay Group and Mercer Consulting.

It might interest you to learn that this year as well over a 1,000 executives enlisted for different learning sessions. Gyanodaya's virtual campuses reached out to more than 13,500 learners through its e-learning courses and webinars.

I believe, our Employee Value Proposition also helps to create an enabling environment that sets people up for success, enthuses in them the drive to excel, achieve and push back the frontiers of excellence.

Thirdly, as part of our concerted efforts towards a sharp organizational focus and alignment in the talent management processes, across the businesses, we put in place critical differentiators. Besides linking rewards to performance, special performance incentives, international assignments, and Group-wide recognition programmes have been set in motion.

Fourthly, promoting enriched living by encouraging talent to look beyond just professional enhancement and to work toward building a wholesome, balanced life.

I believe, our Employee Value Proposition also helps to create an enabling environment that sets people up for success, enthuses in them the drive to excel, achieve and push back the frontiers of excellence.

Finally, I am delighted to share with you that in a comprehensive global study of organizational leadership across the world, conducted by The Hewitt Associates, in partnership with The RBL Group and Fortune Magazine (2009) on "Top Companies for Leaders to engage in", our Group, was adjudged "The 6th great place for leaders in the Asia pacific Region". That of 177 companies who participated in this study, we should have been chosen is indeed a great achievement. Their critical assessment criteria included strength and depth of leadership practices, culture, examples of developing world class leaders, business performance and company reputation. On all counts, we are on course.

Yours sincerely,



Kumar Mangalam Birla

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WIDE OPERATIONS

• 34000 workforce • 15 + nationalities

- Alumina Refinery
- Aluminium Extrusion Plant
- Aluminium Foil Plant
- Aluminium Rolled Product Plant
- Aluminium Smelter
- Bauxite Mines
- Coal Mines
- Coating
- Cold Rolled
- Continous Casting
- Converting
- Copper Mines
- Finishing
- Hot Rolled
- Integrated Aluminium Complex
- Integrated Copper Complex
- Power Plant
- R & D / Technology Centre
- Recycling

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...DIVERSE WORLD

51 units • 13 countries

SUBSIDIARIES	UNIT LOCATED AT	
Novelis Inc	North America	• Rolled Product • Foil • Recycled Product
	Europe	• Rolled Product • Recycled Product
	Asia	• Rolled Product • Recycled Product
	South America	• Rolled Product • Alumina • Aluminium • Recycled Product
Aditya Birla Minerals Limited	Nifty Mines Mt Gordon Mines Australia	• Copper Cathode • Copper Concentrate • Power • Copper Concentrate

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SUPER POWER IN PREMIUM METALS



Hindalco's well-crafted growth and integration hinges on the three cornerstones of



COST COMPETITIVENESS

Reflected through its strong manufacturing base and operational efficiencies across the value chain



QUALITY

Through its versatile range of products serving core applications for diverse industries; and



GLOBAL REACH

Operations in 5 continents. Reaching Customers across more than 50 countries

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HINDALCO INDUSTRIES LIMITED

BOARD OF DIRECTORS

Non Executive Directors

Mr. Kumar Mangalam Birla, Chairman

Mrs. Rajashree Birla

Mr. A.K. Agarwala

Mr. E.B. Desai

Mr. S.S. Kothari

Mr. C.M. Maniar

Mr. M.M. Bhagat

Mr. K.N. Bhandari

Mr. N.J. Jhaveri

Executive Director

Mr. D. Bhattacharya
Managing Director

CHIEF FINANCIAL OFFICER

Mr. S. Talukdar
Group Executive President & CFO

CORPORATE

Mr. R. Ram, Senior President
(Corporate Projects & Procurement)

Mr. Vineet Kaul, Chief People Officer

ADVISOR

Mr. R.K. Kasliwal

COMPANY SECRETARY

Mr. Anil Malik

KEY EXECUTIVES

ALUMINIUM BUSINESS

Mr. Shashi K. Maudgal, Chief Marketing Officer

Mr. R. S. Dhulkhed, Senior President (Operations)

Mr. S. M. Bhatia, President (Foil & Packaging)

Mr. Vinod Sood, President (Chemicals & International Trade)

Mr. Anil Kumar Sinha, President (Human Resources)

Renukoot & Renusagar Units

Mr. D. K. Kohly, Chief Operating Officer

Mr. Ashok Machher, Joint President (F & C)

Aditya Aluminium

Mr. S. N. Bontha, Chief Executive Officer

Mr. S. N. Jena, Chief Operating Officer

COPPER BUSINESS

Mr. Dilip Gaur, Group Executive President

Mr. Shambhu Sharma, President & Chief Operating Officer

Mr. N. M. Patnaik, President (Finance & Commercial)

Mr. J. P. Paliwal, Joint Executive President (Commercial)

Mr. B. M. Sharma, Chief Marketing Officer

AUDITORS

Singhi & Co., Kolkata

COST AUDITORS

R. Nanabhoy & Co., Mumbai

Mani & Co., Kolkata



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FINANCIAL HIGHLIGHTS - STANDALONE

	USD in Mn *	(Rs. in Crores)									
	2009-10	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
PROFITABILITY											
Net Sales and Operating Revenues	4,358	19,536	18,220	19,201	18,313	11,396	9,523	6,208	4,986	2,331	2,275
Cost of Sales	3,700	16,586	15,184	15,800	14,298	8,791	7,247	4,708	3,741	1,337	1,223
Operating Profit	658	2,950	3,036	3,401	4,015	2,605	2,276	1,500	1,245	994	1,052
Depreciation and Impairment	149	667	645	588	638	521	463	317	264	154	142
Other Income	58	260	637	493	370	244	270	240	218	211	131
Interest and Finance Charges	62	278	337	281	242	225	170	177	136	46	62
Profit before Tax and Exceptional Items	505	2,265	2,690	3,025	3,505	2,103	1,913	1,246	1,063	1,005	980
Exceptional Items (Net)	-	-	-	-	-	(3)	9	-	163	-	-
Profit before Tax	505	2,265	2,690	3,025	3,505	2,106	1,904	1,246	899	1,005	980
Tax for current year	103	462	611	705	940	450	575	407	317	319	302
Tax adjustment for earlier years (Net)	(25)	(113)	(151)	(541)	-	-	-	-	-	-	-
Net Profit	427	1,916	2,230	2,861	2,564	1,656	1,329	839	582	686	678
FINANCIAL POSITION											
Gross Fixed Assets (including CWIP)	3,903	17,496	14,783	13,728	12,729	11,251	10,096	7,126	6,470	3,736	3,051
Depreciation and Impairment	1,351	6,059	5,506	4,799	4,246	3,635	3,169	1,918	1,607	1,041	899
Net Fixed Assets	2,551	11,437	9,277	8,929	8,483	7,616	6,927	5,208	4,863	2,695	2,152
Investments	4,792	21,481	19,149	14,108	8,675	3,971	3,702	3,377	2,648	1,985	1,917
Net Current Assets	606	2,716	5,068	4,051	3,741	4,150	1,958	1,833	1,923	1,303	1,024
Capital Employed	7,949	35,634	33,493	27,088	20,900	15,737	12,587	10,418	9,435	5,984	5,094
Loan Funds	1,418	6,357	8,324	8,329	7,359	4,903	3,800	2,565	2,395	958	715
Deferred Tax Liability (Net)	305	1,366	1,411	1,323	1,126	1,233	1,130	995	849	444	-
Net Worth	6,226	27,911	23,758	17,436	12,415	9,601	7,657	6,858	6,191	4,582	4,379
Net Worth represented by :											
Share Capital	43	191	170	123	104	99	93	92	92	74	74
Share Warrants/ Suspense	-	-	-	139	-	-	-	-	-	-	-
Reserves and Surplus #	6,183	27,720	23,588	17,174	12,311	9,502	7,564	6,765	6,099	4,507	4,304
	6,226	27,911	23,758	17,436	12,415	9,601	7,657	6,858	6,191	4,582	4,379
Dividend											
Preference Shares (including Tax)	-	-	0.03	0.03	-	-	-	-	-	-	-
Equity Shares (including Tax)	67.2	301	269	265	202	247	212	172	141	101	98

RATIOS AND STATISTICS

	Unit	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Operating Margin	%	15.10	16.66	17.71	21.92	22.86	23.90	24.17	24.97	42.64	46.27
Net Margin	%	9.81	12.24	14.90	14.00	14.53	13.96	13.51	11.68	29.42	29.80
Gross Interest Cover	Times	5.23	5.48	6.08	10.50	11.19	12.47	8.77	7.51	13.50	14.92
Net Interest Cover	Times	11.55	10.90	13.88	18.09	12.65	14.98	9.82	10.72	26.43	19.14
ROCE	%	7.14	9.04	12.21	17.93	14.79	16.55	13.66	12.71	17.56	20.46
ROE	%	6.86	9.39	16.41	20.66	17.24	17.36	12.23	9.40	14.97	15.49
Basic EPS $	Rs.	10.82	14.82	22.23	25.52	16.79	13.48	8.53	5.92	8.67	8.57
Diluted EPS $	Rs.	10.81	14.82	22.11	25.52	16.79	13.48	8.53	5.92	8.67	8.57
Cash EPS $	Rs.	14.58	19.10	26.80	31.87	22.07	18.18	11.76	8.61	10.62	10.37
Dividend per Share	%	135	135	185	170	220	200	165	135	135	120
Capital Expenditure	Rs. in Cr.	2,860	1,121	1,049	1,516	1,188	1,097	669	1,037	701	299
Foreign Exchange earning on Export	Rs. in Cr.	5,268	5,148	6,434	6,973	3,643	2,605	1,295	1,028	337	376
Debt Equity Ratio	Times	0.23	0.35	0.48	0.59	0.51	0.50	0.37	0.39	0.21	0.16
Book value per Share $	Rs.	145.87	139.73	142.09	118.97	97.40	82.54	74.16	66.95	61.53	58.81
Market Capitalisation	Rs. in Cr.	34,682	8,850	20,260	13,963	19,196	12,002	11,256	4,943	5,734	5,744
Number of Equity Shareholders	Nos.	339,281	435,064	335,337	520,019	396,766	117,721	117,124	153,606	35,955	37,925
Number of Employees	Nos.	19,539	19,867	19,667	20,366	19,593	19,687	13,675	13,752	12,955	12,892
Average Cash LME (Aluminium)	USD	1,868	2,234	2,623	2,663	2,028	1,779	1,496	1,354	1,395	1,533
Average Cash LME (Copper)	USD	6,112	5,885	7,521	6,985	4,099	3,000	2,046	1,586	-	-

* 1 USD = Rs. 44.83

\# Including Employee Stock Options Outstanding but Net of Miscellaneous Expenditure.

$ Figures recomputed for all the years prior to 2005-06 for stock split in the ratio of 10 : 1 (Face value Rs. 10/- to Re. 1/-) effected in 2005-06.

Figures for 2002-03 onwards include figures relating to the copper business of Indo Gulf Corporation Limited acquired pursuant to Scheme of Arrangement with effect from 01.04.2002.

Figures for 2004-05 onwards include figures relating to de-merged Units of Indian Aluminium Company, Limited acquired pursuant to Scheme of Arrangement with effect from 01.04.2004.

Figures for 2007-08 onwards include figures of Indian Aluminium Company, Limited amalgamated pursuant to Scheme of Amalgamation with effect from 01.04.2007.

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FINANCIAL HIGHLIGHTS - CONSOLIDATED

	USD in Mn *	(Rs. in Crores)								
	2009-10	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
PROFITABILITY										
Net Sales and Operating Revenues	13,545	60,722	65,963	60,013	19,316	12,120	10,105	8,223	6,401	3,565
Cost of Sales	11,371	50,976	62,993	53,378	14,886	9,275	7,675	6,268	4,899	2,365
Operating Profit	2,174	9,746	2,970	6,635	4,431	2,845	2,431	1,956	1,502	1,201
Depreciation and Impairment	621	2,784	3,038	2,488	865	796	632	514	371	218
Other Income	72	323	691	656	409	281	278	280	241	238
Interest and Finance Charges	246	1,104	1,228	1,849	313	301	216	235	190	81
Profit before Tax and Exceptional Items	1,379	6,181	(605)	2,954	3,662	2,028	1,860	1,486	1,182	1,141
Exceptional Items (Net)	-	-	-	-	-	-	(2)	13	1	161
Profit before Tax	1,379	6,181	(605)	2,954	3,662	2,030	1,847	1,485	1,020	1,133
Tax for current year	431	1,932	(805)	1,189	958	440	623	487	350	355
Tax adjustment for earlier years (Net)	(23)	(103)	(149)	(548)	0	(0)	(72)	1	(0)	-
Profit before Minority Interest	971	4,352	349	2,313	2,703	1,590	1,296	997	670	779
Minority Interest	95	424	(172)	219	16	11	11	4	5	30
Share in Profit/(Loss) of Associates (Net)	1	3	37	(100)	1	-	-	-	-	-
Net Profit	876	3,925	484	2,193	2,686	1,580	1,285	993	666	749
FINANCIAL POSITION										
Gross Fixed Assets (including CWIP)	11,471	51,423	49,169	44,569	16,188	14,484	12,592	10,970	9,554	5,559
Depreciation and Impairment	3,708	16,622	14,404	7,405	5,035	4,600	3,906	3,041	2,495	1,608
Net Fixed Assets	7,763	34,801	34,765	37,164	11,153	9,883	8,685	7,929	7,060	3,950
Investments	2,508	11,246	10,389	14,008	7,874	3,163	2,956	1,866	1,187	1,241
Net Current Assets	1,154	5,172	3,011	4,254	4,257	3,967	2,161	2,249	2,305	1,607
Capital Employed	11,425	51,219	48,165	55,426	23,285	17,014	13,802	12,043	10,552	6,798
Loan Funds	5,353	23,999	28,310	32,352	8,443	6,279	4,931	3,724	3,304	1,395
Minority Interest	388	1,737	1,287	1,615	857	130	86	93	36	199
Deferred Tax Liability (Net)	878	3,938	2,811	4,172	1,172	1,228	1,134	1,195	1,026	598
Net Worth	4,806	21,545	15,758	17,286	12,814	9,377	7,651	7,031	6,186	4,606
Net Worth represented by :										
Share Capital	43	191	170	123	104	147	142	141	131	74
Share Warrants/ Suspense	-	-	-	140	-	-	-	-	11	-
Reserves and Surplus #	4,763	21,353	15,588	17,023	12,709	9,230	7,510	6,889	6,044	4,531
	4,806	21,545	15,758	17,286	12,814	9,377	7,651	7,031	6,186	4,606
Dividend										
Preference Shares (including Tax)	-	-	0.03	0.03	-	-	-	-	-	-
Equity Shares (including Tax)	67.7	303	271	268	204	249	213	173	141	101
RATIOS AND STATISTICS										
	Unit	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Operating Margin	%	16.05	4.50	11.06	22.94	23.47	24.05	23.78	23.47	33.67
Net Margin	%	6.46	0.73	3.65	13.90	13.03	12.71	12.08	10.40	21.01
Gross Interest Cover	Times	9.12	2.98	3.30	9.91	8.87	10.32	8.60	6.89	11.41
Net Interest Cover	Times	9.12	2.98	3.94	15.44	10.37	12.54	9.53	9.16	17.81
ROCE	%	14.22	1.29	8.67	17.07	13.69	15.04	14.29	13.00	17.97
ROE	%	18.22	3.07	12.69	20.96	16.85	16.79	14.13	10.76	16.26
Basic EPS $	Rs.	22.17	3.21	17.04	26.73	16.02	13.03	10.11	6.77	9.46
Diluted EPS $	Rs.	22.16	3.21	16.95	26.73	16.02	13.03	10.11	6.77	9.46
Cash EPS $	Rs.	37.88	23.40	36.38	35.33	24.09	19.44	15.33	10.54	12.21
Capital Expenditure	Rs. in Cr	5,983	2,452	2,989	2,349	1,758	1,565	1,177	1,256	793
Debt Equity Ratio	Times	1.11	1.80	1.87	0.66	0.67	0.64	0.53	0.53	0.30
Book value per Share $	Rs.	112.59	92.68	140.86	122.79	95.14	82.47	76.03	66.89	61.86

* 1 USD = Rs. 44.83

\# Including Employee Stock Options Outstanding but Net of Miscellaneous Expenditure.

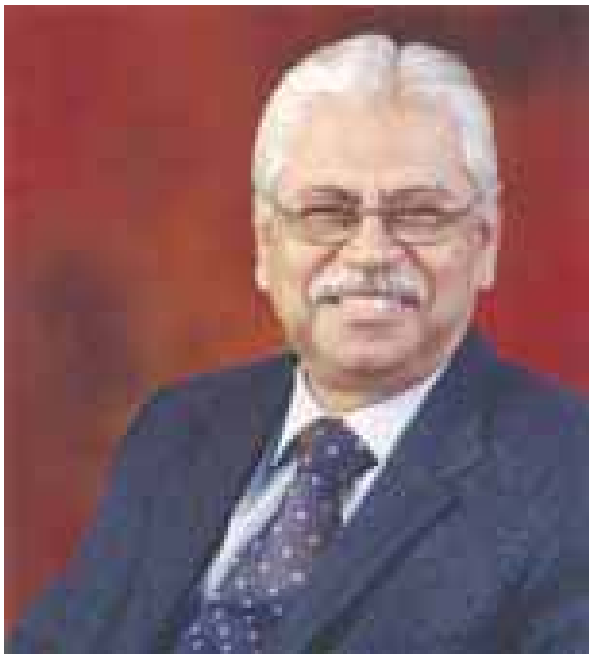
$ Figures recomputed for all the years prior to 2005-06 for stock split in the ratio of 10 : 1 (Face value Rs. 10/- to Re. 1/-) effected in 2005-06.

Figures for 2003-04 onwards include the figures of Bihar Caustic and Chemicals Limited which has become subsidiary of the Company with effect from 07.05.2003.

Figures for 2007-08 onwards include the figures of Novelis Inc., a foreign subsidiary, acquired by the Company on 16.05.2007 through its wholly-owned overseas subsidiaries.

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D. Bhattacharya
Managing Director

Business Overview:

FY 10 was a remarkable year on various counts. Today, as one looks back at the strong recovery in the aftermath of an unprecedented sanguinary spell that befell us towards the second half of FY09, it appears to be a far better year than FY09. After reaching its nadir in March 09, the commodity prices have recovered and the situation appears to be far better than it was around the same time last year.

And yet, if one compares full year FY10 with FY09, in FY09 average commodity prices were almost the same or were higher than FY10 averages, a fact overlooked by many. This also explains the velocity of decline and recovery, of commodity prices; a truly amazing phenomenon. Equally intriguing was the sharp fall in demand and subsequent demand recovery initially in the wake of Government's stimulus measures and later on account of general improvement in the global demand, primarily led by the emerging markets.

Consolidated sales were Rs.60,722 crore in FY10 as compared with Rs.65,963 crore in FY09. Revenues were lower mainly due to lower aluminium prices and softness in the Company's end-markets in the first half of the year, especially for Novelis. Further, change in the status of Idea Cellular Ltd. from Joint Venture to Associate w.e.f from 1st Jan 2009 for the purpose of consolidation, also resulted in proportionate revenue from Idea not being included in the consolidated revenue.The PBIDTA stood at Rs.10,069 Crore as compared with Rs.3,661 Crore in the previous year. This includes USD 578 million of unrealized gains consisting of USD 504 million reversal of previously recognized losses upon settlement of derivatives and USD 74 million of unrealized gains relating to mark to market adjustments on metal and currency derivatives at Novelis.

Aluminium business revenue fell by 11% to Rs.48,091 crore mainly due to lower LME; and lower demand in first half of the year. Earning before Interest turned around from a loss of Rs.425 crore to a profit of Rs.5,998 crore. This is significantly attributable to the remarkable results of Novelis.

The performance of the Aluminium business segment of standalone Hindalco during FY10 was impacted due to lower average LME. Average LME was lower by around 16% than the previous year. The demand for downstream value added products improved smartly in the second half and the sales volumes for the year were higher by 21% compared to previous year.

Operational Highlights:

1. **Highest ever aluminium production.**
2. **Highest ever downstream value added production leading to improved product mix.**
3. **Significantly higher sales in more lucrative domestic market.**
4. **Continuous reduction in conversion cost despite rising input cost pressures.**

We continued producing more metal both through asset sweating and brownfield expansion of the Hirakud smelter and de-bottlenecking at Renukoot. We produced 555 KT of hot metal against 523 KT in the previous year. The Company recorded highest ever primary

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aluminium production in this year . The turnover in the aluminium business declined by 8% to Rs. 7,001 crore vis-à-vis Rs. 7,604 crore in the corresponding period in the previous year with decline in LME, even though the decline was partly offset through higher volumes.

To mitigate the impact of sharp fall in realizations several cost control initiatives were successfully adopted. The increased proportion of Hirakud metal in our basket also enabled us to reduce blended cost of production.

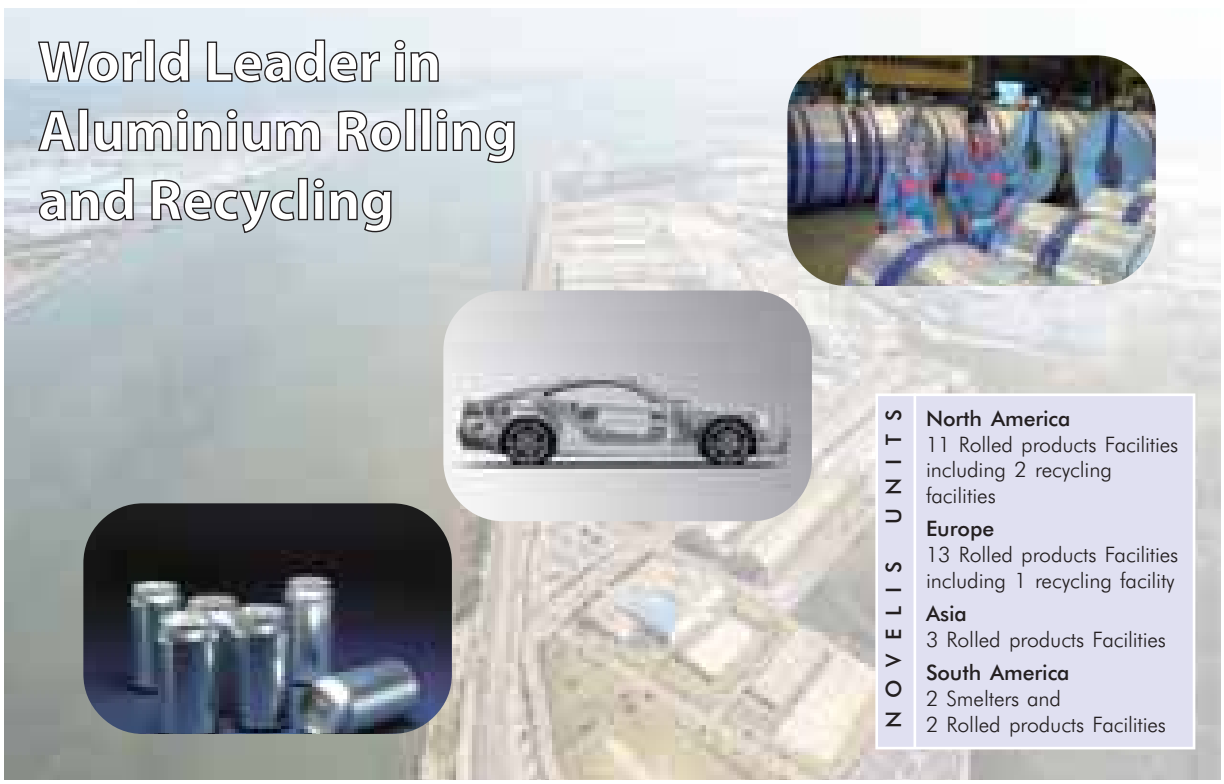
The EBIT margin of our Aluminium business is amongst the highest relative to domestic and global peers which underlines our strategic thrust and commitment to combine cost leadership and portfolio de-risking. As a result, our EBIT margin is relatively less impacted by LME compared to pure play aluminium companies.

FY10 was perhaps one of the most challenging years for Copper smelters worldwide. The business witnessed extreme price volatility in the aftermath of the economic meltdown, compounded by acute tightness in the concentrate market and unviable spot TCRC levels. While the benchmark TCRC's were a healthy 75/7.5, the spot TCRC's plummeted from a high of 90/9 in Jan, 09 to near zero by Q310 and remained well below the cash costs of most smelters for significant part of the year.

The Copper business significantly improved its underlying operating performance despite tightness in the concentrate market and escalating input costs. Copper business revenue increased by 18% to Rs. 12,542 crore and EBIT doubled from Rs. 379 crore to Rs. 660 crore.

Novelis

Novelis witnessed a tremendous turnaround in the midst of challenging circumstances. In an economy that was still emerging from recession Novelis reported record results. Record adjusted EBITDA, record liquidity and record free cash flow. Novelis achieved these record results despite a 2% decrease in shipments Y-o-Y driven by soft market conditions in the first half of the year. Novelis' sales declined due to





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decrease in the average LME prices and 2% lower shipments.

Adjusted EBITDA increased by 55% Y-o-Y, reaching USD 754 Million. This was achieved on the back of price increases negotiated in specific contracts across all regions and cost-out and restructuring initiatives that the company identified and implemented throughout the year. Your Company also saw a dramatic improvement in liquidity over the past year, liquidity surpassed USD 1 Billion driven by strong operational cash flow, the bond issuance and increased gross borrowing capacity under the ABL. Free cash flow went from a negative USD 352 Million in FY09 to a positive USD 355 Million in FY10. This was a direct result of stronger performance, working capital management and controlled capex levels.

The IT subsidiary of Novelis in Pune, Novelis India Infotech Ltd is now up and running. It is now catering to some of the IT and ERP requirements of Novelis globally.

Effective, 1st January, 2010, Novelis is no longer impacted by can price ceilings. In terms of continued cost savings, Novelis is taking a series of steps to streamline and optimise the manufacturing operations in mature markets.

In response to the growing demand for its products in South America, the company is undertaking a major expansion in Brazil. The expansion will increase the plant's capacity in Brazil by more than 50%.

Aditya Birla Minerals

Aditya Birla Minerals Limited, your Company's Australian Subsidiary, reported Profit after Tax of AUD 61.4 Million as against a loss of AUD 76.0 Million in the previous year. Sustained cost management resulted in turnaround in financial performance. The production was however; lower mainly due to loss of production of Copper in Concentrate at Mt. Gordon and Cathode production at Nifty Oxide operations which were put under Care & Maintenance as a conscious management decision. The drop in overall production was partly off-set by 13.8% increase in Nifty's production of Copper in Concentrate.

Projects

Our projects continue to follow the strategic plan which we have set for ourselves. The benefits of brownfield expansions and earlier inorganic acquisitions have been the major factors which helped us tide over the challenging environment in FY10. We are working on five greenfield sites in difficult terrain and uncertain regulatory environment. Site work on all greenfield projects has gained momentum and is in various stages of progress.

Business Reconstruction Reserve

Last year the Company formulated a scheme of financial restructuring to deal with various extra-ordinary costs associated with its organic and inorganic growth plan. The recent economic downturn particularly in the commodity space is also expected to result in impairment / diminution in value of certain assets/ investments. Accordingly, as per a Scheme of Arrangement under Sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of judicature of Bombay, a separate reserve account titled as Business Reconstruction Reserve ("BRR") has been created by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed therein. This year no adjustment was made pertaining to standalone accounts in this reserve and Rs. 304 Crore relating to interest and finance charges on loan taken by AV Minerals (Netherlands) B.V. was made for consolidated accounts, which has been suitably disclosed.

Corporate

The standalone basic and diluted Earning per Share was at Rs.10.8 per share FY10 as compared with Rs.14.8 per share in FY09.

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Business Performance Review:

Aluminium Business

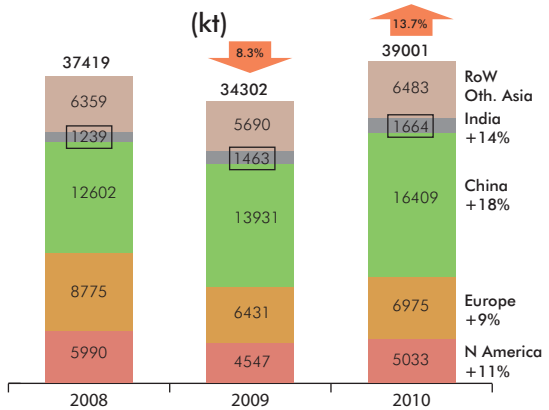
Aluminium Industry Review

Global economies recovered after an unprecedented sharp fall in FY09. The recovery was equally spectacular but fraught with uncertainty and the average aluminium prices remained lower than the FY09 averages.

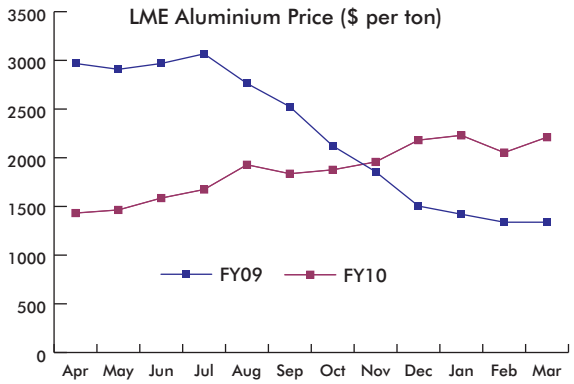
The Indian economy showed its resilience in FY09 and staged a sharp recovery albeit on the back of generous stimulus packages by the Government. In the aftermath of FY09 meltdown and in the midst of uncertainty surrounding this recovery, many global majors were forced to adapt to the dynamic conditions in an ad hoc manner and resorted to reactive actions in response to the challenges faced such as curtailing production, closing facilities and then re-starting some of these facilities when the situation improved.

Your company on the other hand approached these adversities in a much steadier and controlled manner and was able to weather the storm much better. Not only did it perform credibly on the operational front but also ensured smooth and steady progress on the various Greenfield projects.

Demand and Market:



In CY 2009, the world aluminium consumption stood at around 34 Mn tonnes, a sharp decline of over 8% from around 37.5 Mn tonnes consumption in CY 2008. The CY09 production stood at 37.7 Mn tonnes against production of 40 Mn tonnes in CY 08.

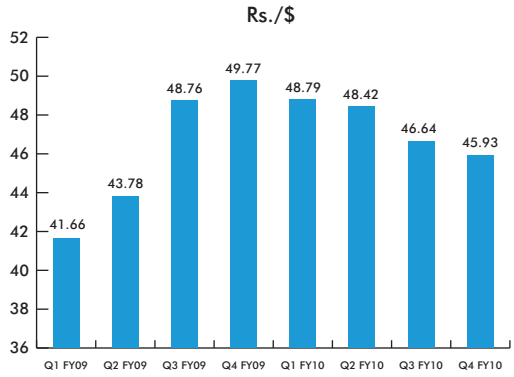


After an abysmal first quarter, the growth rebounded in FY10 reaching around 36.3 Mn tonnes, a growth of around 2.5%.

India on the other hand witnessed a smart recovery post a slow down in FY2009, as the GDP clawed back to 7.4% in FY10 from 6.7% in FY09. A sharp turnaround in the end user segments such as automobiles, Industrial and infrastructure and thrust on power sector growth propelled the aluminium industry growth. The improvement coupled with low base effect resulted in a strong 27.8% growth in domestic demand.

In FY10 LME aluminium prices staged a remarkable recovery to around USD 2,000 levels after touching lows of sub USD1400 in March 2009.

The depreciating rupee helped domestic aluminium producers partially as the prices are dollar denominated. The prices continued to rise even as inventory levels remained at their historic highs. This was the result of tightness in the physical market, with most inventories tied up at various ware houses under financing deals.



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Aluminium continued to remain in contango taking more and more aluminium outside the physical market as borrowing costs remain low and warehouses rent continued to be attractive.

Globally, Aluminium production increased as the producers restarted their capacities with the smart recovery in the aluminium LME. As a result the global markets continued to be in surplus and global inventory increased to historical peaks.

The primary aluminium production for the year was around 40 Mn tonnes. China again led the production in 2009, producing around 14 Mn tonnes.

The cost of production of aluminium increased as input costs such as alumina and power surged. Alumina costs increased as the aluminium prices recovered and bauxite quality deteriorated. For most producers power costs increased with sharp rise in coal/energy prices. The cost of other inputs such as CPC coke and anodes also increased in line with recovery in the crude prices.

Operational Review

On this backdrop, your Company's performance was commendable and its performance was amongst the best performance in the industry.

The aluminium business operational performance was indeed exceptional and recorded highest ever production of aluminium metal surpassing the record it achieved last year.

Alumina

We increased alumina production by 6% to 1.3 Mn tonnes primarily through production ramp up post expansion at Muri. We increased the higher paying domestic sale of specials by 4%. Overall alumina sales volumes however, were almost flat on account of higher captive consumption.

Primary Metal

Primary aluminium production increased to 555,404 MT up 6% over the previous year. This increase in production growth was possible through brownfield expansion of Hirakud smelter facility that led to 16% production growth from 134,301 Mt to 156,206 Mt and through



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continued efforts to debottleneck the Renukoot capacity, which yielded around 10,000 tonnes of incremental production.

Aluminium sales volumes increased in line with the production increase. However it was sales of value added products such as FRP and Extrusions that improved sharply.

Wire Rods

Wire rods production grew by over 23% from 74,968 MT in FY 09 to 91,903 MT. The production was increased to cater to growing demand from power sector.

Value Added Products (VAP)

This remains the key focus area of your company to enhance profitability. This segment saw a sharp rebound with improved economic scenario.

The VAP (i.e. flat rolled products, extrusions and foils) volumes in tonnage improved significantly compared to that of last year. The overall revenue though remained depressed on account of lower aluminium LME. The markup in the down stream business has shown a continuous improvement over the years with continuous improvement in product mix as well as geographical mix.

Flat Rolled Products

The FRP production increased to 205,265 MT, in line with the increasing domestic demand, an increase of 13% over previous years. The export demand though remained subdued.

Extrusions

Extrusion segment demand also improved as the economy recovered. An improvement in the fortunes of housing and automobile sectors resulted in a demand increase for extruded products. Extrusion production was higher at 38,909 MT in FY10 as compared with 35,895 MT in FY09. Extrusions sales volume increased 9% in FY10.

Financial Performance

The turnover of the aluminium domestic business declined by 8% to Rs. 7,001 Crore

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vis-à-vis Rs. 7,604 crore in the previous year, inspite of the highest ever metal volumes, as average LME for the year was 16% lower than the previous year.

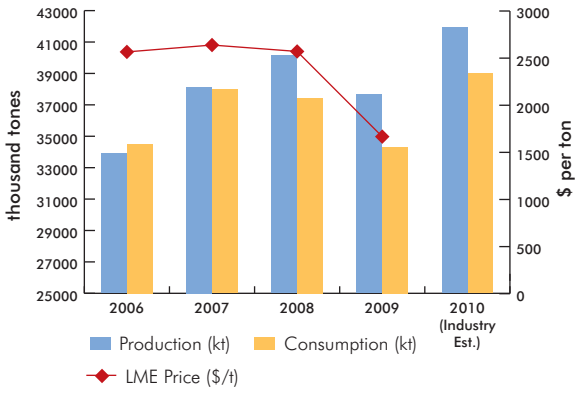
Earnings before interest and taxes (EBIT) declined by 18% to Rs. 1,767 Crore due to pressure on realizations and the cost push. The costs push, was the result of increase in crude prices leading to some increase in crude derivative prices such as CP coke and fuel oil. Coal prices also increased sharply. Aluminium producers across the globe experienced pressure on EBIT margins The decline in the case of your Company was amongst the lowest in the industry. This was possible primarily on account of higher production, sales volumes and superior product and geographic mix as discussed earlier.

The other cost management measures that helped in containing the fall in EBIT were :

- Improvement in operational efficiency in Power consumption, Carbon consumption etc.
- Cost effective sourcing of key Raw materials.

The sustainability of your company's profitability is reflected in healthy EBIT margins of 25% despite all the adversities.

Aluminium Outlook



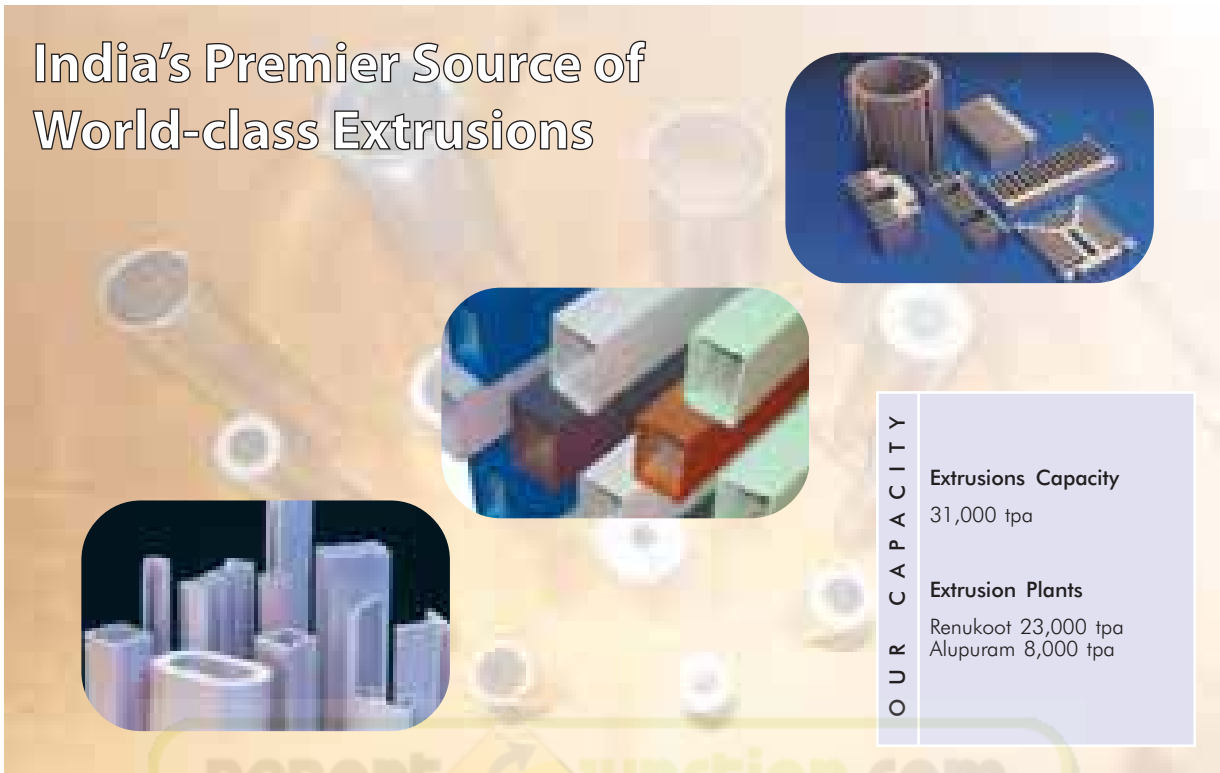
In 2010, the global aluminium demand is expected to recover back to almost 39 Mn tonnes an improvement of almost 13% over 2009. The Chinese demand is expected to rise by almost 18% after a relatively modest increase in 2009. The US demand is expected to recover





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sharply awhile Europe is expected to recover slowly. In India, the demand is expected to increase at almost 14% with an improvement in Industrial activity and automobile growth. Over the medium term, thrust on power sector spending will spur the aluminium demand.

Aluminium production is expected to increase in line with the demand. The market surplus is going to continue for a while. With unprecedented demand destruction towards later part of FY2009, the prices of aluminium had declined very sharply by over 50% in less than 4 months. The recovery has also been strong. As a result, many smelters that had curtailed production are again back in action. In addition some new smelters are on the verge of delivering.

The cost push has been felt in the recent times with rise in crude prices from the recent highs. Most input costs such as fuel oil, coal tar pitch have increased along with the freight costs.

The prices are expected to continue to stay range bound over the short term with a large inventory overhang. Aluminium inventories across the globe are near all time high. But most of these inventories are reportedly bound in financing deals and are not expected to flood the market. The long term fundamentals are strong and the surplus is expected to reduce significantly by FY 10 end.

Business Outlook

Your Company has demonstrated its mettle in the wake of severe macroeconomic adversities. The ferocity and the velocity of the turmoil surprised the industry. But by leveraging its fundamental strengths and through robust business model your Company has emerged stronger from the meltdown.

Your Company has adopted a consistent strategy to achieve global size and scale through the acquisition of Novelis. The de-risked business model of Novelis, where LME is a pass through, its robust product portfolio with over 50% going into manufacture of beverage cans and strong presence in emerging markets has shown its strength in possibly worst of the times. This business complements your Company's ongoing brownfield and greenfield expansion plans in



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the upstream aluminium business. This will also guard your Company against the commodity meltdown in future.

Brownfield Expansions

- The expansion of Muri Alumina Refinery from 110,000 tpa to 450,000 tpa is complete.
- The Hirakud Smelter expansion from 143,000 tpa to 155,000 tpa is complete. Further expansion from 155,000 tonnes to 161,000 tonnes is under progress and is expected to be completed by Q2 FY11.
- In Hirakud, work is on to expand the capacity further to 213,000 tonnes, through addition of 80 pots. We expect to complete this by Q4 FY 12.
- Further to the above, we are evaluating the possibility of expanding the smelting capacity at Hirakud from the proposed 213 KTPA to 360 KTPA with corresponding increase in back-up captive power from proposed 467.5 MW to 967.5 MW.
- **Flat Rolled Products:**

 A project is underway for transfer of all key equipments for flat rolled products from the Novelis Plant at Rogerstone, UK to Hirakud. This will enable the company to produce Can Body Stock for local and export markets. The project is slated for completion in Q2 FY 12. Dismantling activities are around 65 % completed. Many of the major orders for refurbishment of existing equipment and procurement of new equipment have been placed.

Greenfield Projects

Greenfield Projects have made significant progress.

Utkal Alumina project: Construction of 1.5 Mio TPA Alumina refinery along with a 90 MW captive cogen plant is in full swing. The output from Utkal would be sufficient to feed alumina to the Mahan and the Aditya smelters. Engineering for Refinery and captive cogen plant is nearing completion. Contractors are working

Greenfield Projects will significantly enchance the scale of operations and will further improve the cost competitiveness of the Company.



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at site for civil & structural work and have mobilized more than 5000 people at site. Piling is 85% complete, fabrication and concreting are around 35% complete. Major equipment like Boilers, Evaporators & Turbines have started arriving at site. The erection and structural work for various equipments is in progress. Orders for all the long delivery equipments placed. Around 82% of the project cost has already been committed.

The project team has estimated a total cost of Rs.5,600 crore without financing cost. The project commissioning is projected in Q2 FY12.

Sanctioned credit approvals from a consortium of banks for the entire debt requirement of the project have been obtained. The Common loan agreement was signed in July, 2010 and the drawdown is expected soon.

Mahan Aluminium project: An 359 ktpa, Aluminium Smelter of capacity along with a 900 MW captive power plant is coming up in Bargwan, Madhya Pradesh.

All major approvals are in place and site activities are on track. Major contractors have mobilized about 10,000 people at site. Three out of the six boilers & electrostatic precipitator foundations are complete. The powerhouse foundation work is in progress. Two chimney rafts are complete. The erection of the engineering structure for boilers is in progress.

Around 82% of the total project cost has been committed. The project team has estimated a total cost of Rs.9,200 crore without financing cost. The project is expected to be commissioned in Q2FY12.

The Aditya Aluminium project: A 359 ktpa, Aluminium smelter along with a 900 MW captive power plant, identical to the Mahan Project, is coming up in Orissa.

All major approvals are in place. Critical equipment orders have been placed for both the smelter and the power plant. The site activities like area grading and boundary wall are on.

Around 59% of the total project cost has been committed. The project team has estimated a total cost of Rs.9,200 crore without the financing cost. The project commissioning is slated in Q3 FY12.

The Aditya Refinery Project: A 1.5 Mio TPA Alumina Refinery along with a 90 MW cogen plant, replica of the Utkal Alumina refinery is coming up in Orissa. The cost estimate in the order of magnitude is Rs. 6,000 crore without financing cost. It is planned for commissioning in Q1 FY14.

The Jharkhand Aluminium project: 359 ktpa, Aluminium smelter along with a 900 MW captive power plant is coming up in Sonahatu, Jharkhand. The land acquisition process has already begun. The process for obtaining environmental clearance has begun. To that effect, a presentation has been made to the MOEF expert committee. The Tubed Coal Mine has been allotted to the project jointly with Tata Power.

This project seeks to replicate the Aditya / Mahan smelter. The cost estimate in the order of magnitude is Rs.10,000 crore without financing cost. It is planned for commissioning in Q1 FY14.

The blueprint for a suitable financing plan for the projects is in place. These projects will significantly enhance the scale of operations of your company. These will further improve the cost competitiveness of your Company and will firmly establish it as one of the lowest cost global alumina and aluminium producers.

To debottleneck and increase capacity, primarily in South America and Asia, Novelis has increased its capital expenditure plan by approximately USD150 Million or 148 percent for fiscal 2011 compared to the previous year. A significant amount is aimed at expanding its rolling operations in Brazil. This investment will increase capacity by over

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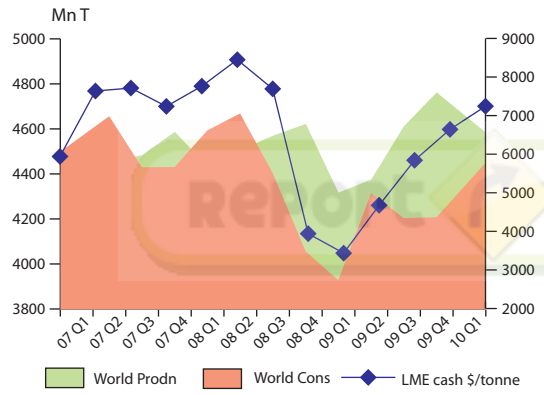
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50 percent and better support the increasing demand for flat rolled products in the Regions. The expansion is expected to be completed by late 2012.

Copper Business Review

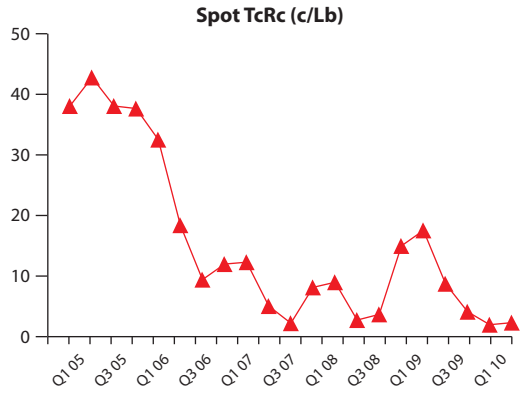
Industry Review

Global refined copper consumption declined second year on the trot in CY 2009. In last 2 years, the decline has been from 18 Mn tonnes (CY 2007) to 16.7 Mn tonnes (CY 2009). The decline in CY 09 though was much lower than earlier anticipated. The production however, continued to remain reasonably strong declining to only 18 Mn tonnes resulting into a surplus.



However, China continued to import large quantities of copper through SRB purchases. In the last quarter of CY 09 and the first quarter of CY10, copper demand witnessed a sharp recovery. Globally refined copper consumption increased 13% in Q4 FY10 over the same period last year, albeit on a low base. Projections suggest that world copper market is likely to remain in surplus in 2010, although at a much smaller surplus than in the previous year. The copper price on LME has generally been firm, though it witnessed some decline in the last few days due to increased risk aversion.

FY10 was perhaps one of the most challenging years for Copper smelters worldwide. The business witnessed extreme price volatility in the aftermath of the economic meltdown, compounded by acute tightness in the



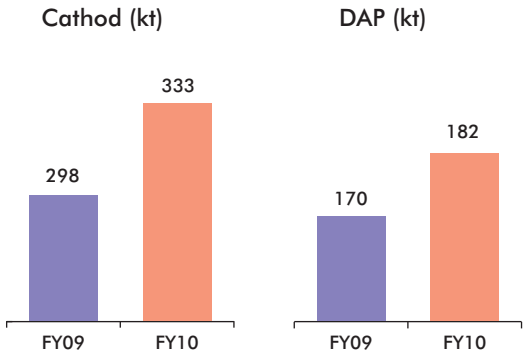
concentrate market and unviable spot TcRc levels. While the benchmark TcRc was a healthy 75/7.5, the spot TcRc's plummeted from a high of 90/9 in Jan, 09 to near zero by Q3,09 and remained well below the cash costs of smelters for most part of the year. The situation got further aggravated by precipitous fall in sulphuric acid prices from a peak of $350/t in 2008 to -$25/t fob in FH- 2009 and sharp drop in fertilizer subsidies.

Company Performance:

The Copper business performed well despite adverse macroeconomic environment.

Your company recorded creditable production performance notwithstanding bi-annual shutdowns. Your Company also managed its market mix well to improve overall copper realizations despite lower volumes.

Globally many Smelters were forced to cut back their output on account of Sulphuric acid evacuation problems. Global smelter capacity



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utilization, as a result, dropped by 7-8% during the year, whereas our capacity utilization increased by 9% during the same period. Your Company proactively seized a larger share of the shrinking pie of sulphuric acid demand through innovative supply chain interventions & aggressive pricing, thus not letting our Smelters suffer on this count.

During the year significant improvements were achieved in operating performance. Your Company delivered highest ever production of cathode-improvement of 12% over the previous year. DAP volumes too were 7% higher than the pervious year.

The high point of operational performance was dramatic reduction in cost of production through improvement in operational efficiencies and innovative optimization of input energy cost through use of alternative fuels (LNG and Petcoke).

In FY10, your Company delivered 30% reduction in cost of production over the previous year. Today Dahej ranks in top quartile of the Global cost competitiveness.

Financial

The sharp rise in LME coupled with higher sales volumes led to higher revenues, which were up by 18%. However, for custom smelters like your company, copper prices are just a pass through and the margins are largely determined by Tc/Rc and as a result a decline in LME copper prices did not have significant impact on the profitability.

The favourable impact of higher contracted Tc/Rc was largely negated by lower product contribution. However, operational improvements, better working capital management led to delivery of robust performance and improvement in cash flows.

Copper Outlook:

The global refined copper demand is expected to increase by around 5.5% in CY2010. Marginal recovery in western world consumption, with strong demand from emerging economies



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notably Asia and South America will keep overall demand buoyant. The US is showing early signs of recovery, while Europe after early promises is depicting some edginess.

The surplus will continue over short term, however with constrained supply from mines the extent of surplus shall be lower than previous year. China will be a large determinant for the market as has been the case in the recent past.

The long term Tc Rc contracts for the year were significantly lower than CY2009 due to constrained mine supply and strong demand for refined copper.

The Spot Tc Rcs declined to historical lows driven by tight concentrate availability on account of delays in the expected new mine capacities, rising project costs and associated risk / socio-political factors. Higher capital costs, declining ore grades and labour related issues in some of the major copper producing countries are expected to restrict the availability of concentrate and put further pressure on spot Tc Rcs.

Indian refined copper consumption is expected to increase sharply after a brief pause last year. The annual consumption growth is expected to be around 9% with strong growth in power, automobile and manufacturing sector. The long term fundamentals are strong and the copper consumption is expected to increase with renewed thrust on power sector reforms and urban housing.

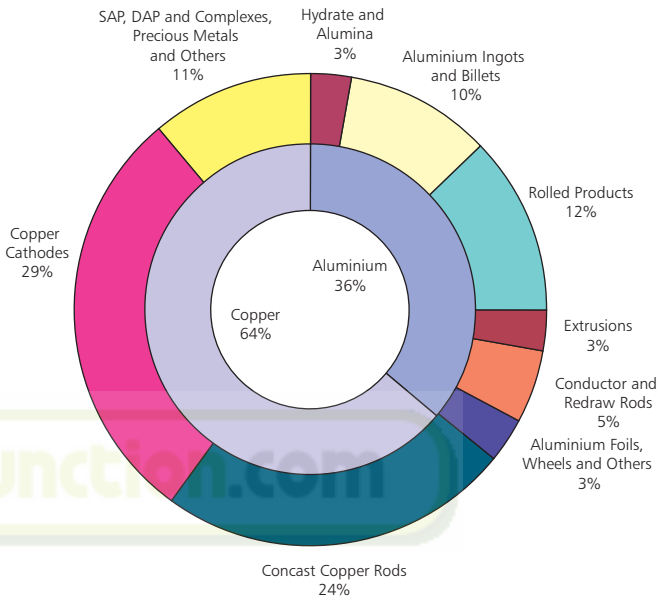
The copper consumption in India is relatively low. The per capita copper consumption stands at around a Kg as compared to 7Kgs in the US or even 3.6 Kgs in China and hence the growth potential is enormous.

Business Outlook

Your Company has continued to perform creditably in the challenging times. It continues to make steady progress on the planned growth track. Your Company will continue to strive to improve operating efficiencies and reduce conversion costs. Your Company's production flexibility with respect to various value added byproducts will increase the available options for profit and cash flow improvements.

Financial Review and Analysis:

Share of Net Sales Value



Net Sales and Operating Revenues

Standalone Net Sales and Operating Revenues for the year 2009-10 increased by 7 % YOY to Rs. 19,536 Crore due to higher volumes and also on the back of higher copper LME, while aluminium LME declined.

Consolidated revenues decreased from Rs. 65,963 crore to Rs. 60,722 crore, a drop of 8%, primarily on account of weaker Aluminium LME and lower Novelis shipment volume.

Other Income

Standalone other Income at Rs. 260 Crore was sharply lower as compared to Rs. 637 Crore in the previous year largely due to lower treasury corpus post repayment of bridge loan in November 08 for Novelis acquisition and higher project spending. The yield was also lower due

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to lower interest rates on the short end of yield curve, which was largely due to higher liquidity in the economy.

Interest

Your Company's working capital requirement increased on account of higher copper prices due to higher LME. Softening interest rates resulted in lower average cost of borrowing which also affected yields on the company's investments which are mostly in liquid plans. It also reduced the cost of working capital borrowing. As a result the interest and financing charges have reduced from Rs. 337 crore in FY09 to Rs. 278 crore in FY10.

Depreciation

Depreciation charges were at Rs. 667 crore in FY10 against Rs. 645 crore in FY09.

Taxes

The provision for tax was lower due to lower PBT and higher capitalization.

Profit

In the Aluminium business, lower Rupee LME eroded around Rs.750 crore. Additionally Rs.100 crore was lost on account of the higher coal cost at Renusagar. Copper business which benefited by higher contracted TcRc lost Rs. 750 crore on lower by-product credit in terms of Sulphuric acid realisation and lower fertiliser subsidy. On this back drop Net Profit declined by 14% to Rs.1,916 Crore.

Due to early adoption of Accounting Standard (AS) 30 on Financial Instrument : Recognition and Measurement, the figures of the current period are not comparable with the previous year.

Consolidated Profit stood at Rs. 3,925 Crore as compared to Rs. 484 Crore in the previous year.

Consolidated result include Pre-tax adjustments for unrealised derivatives gain / (loss) of Rs. 2,736 Crore in FY10.

Cashflow Analysis:

Rs. in Crore

Particulars	FY09	FY10	%
SOURCE OF CASH			
Cash from operations	3,171	1,717	36%
Non-operating income	691	322	7%
Equity Raised	4,426	2,750	57%
Divestments of investments (Net)	5,507		
Total	13,795	4,789	100%
APPLICATION OF CASH			
Net capital expenditure	967	2,619	48%
Investment in subsidiaries	11,004	276	5%
Other investments (Net)	—	1,501	27%
Net debt Outflows	193	186	3%
Interest & Finance Charges	669	641	12%
Dividend payout	266	269	5%
Total	13,099	5,492	100%
Increase / (Decrease) in Cash and Cash Equivalents	**696**	**(703)**	

Sources of Cash

Cash from operations

Lower realisations for Aluminium and Lower TcRc affected cash profits and this coupled with increase in working capital due to higher Copper LME towards end of fiscal resulted in lower cash flow from operations compared to last year.

Non-operating Income

Cash from non-operating income decreased to Rs. 322 crore as compared to Rs. 691 crore in last year. The decrease is on account of lower dividend and other income on investments. Average investments were lower due to liquidation of treasury investments in last year for take-out of the bridge loan taken for Novelis acquisition and for capital expenditures.



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Equity

Your Company raised Rs.2,750 crore (net of issue expenses) from issue of equity to qualified institutional investors to finance capital expenditure.

Application of Cash

Capital Expenditure

Your Company spent Rs. 2,619 crore on various expansion and efficiency improvement projects. Going forward, this amount is slated to rise considerably as per planned investments in Brownfield and Greenfield projects.

Investment in Subsidiaries (Net)

Aggregate Investments (net), including Loans & Advances to Subsidiaries, amounted to Rs. 276 crore.

Other Investments (Net)

Increase of Rs.1501 Crore in other investments (net) is mainly in short term treasury investments. Treasury investments rose on account of issue of equity to qualified institutional investors.

Interest

Interest & Finance charges paid for the year was Rs.641 Crore, almost same as in last year. Interest charged to profit and loss account is only Rs.278 crore on account of interest capitalized.

Dividend

Dividend paid including tax on dividend is Rs.269 Crore.

- We have put in place a strong capital structure to support our strategic business plan. We successfully managed to raise USD 600 Mn through a Qualified Institutional Placement issuance; one of the largest QIP's to hit the market in 2009. The price achieved was strong too, representing a discount of just 1.6% on the previous day's closing share price. There was a very strong participation from long only investors and the stock traded up post the issuance. We managed to preserve our balance sheet strength to grow by reducing our leverage while doing so. With this we have largely tied up equity contribution for our green field expansion plans.

RISK MANAGEMENT

In addition to the risk and currency fluctuation inherent in its operations, your company has got significant exposure to commodity prices. Hindalco's financial performance is significantly impacted by fluctuations in the prices of Aluminium Alumina exchange rates and interest rates. The Company takes a very structured approach to the identification and quantification of each such risk and has a comprehensive risk management policy.

Clearly defined policies and management controls govern all risk management activities. Transactions in financial instruments for which there is no underlying exposure to the company are prohibited. All of the commodity, interest rate and foreign currency contracts are used to mitigate uncertainty and volatility and to cover underlying exposures.

Commodity Price Risk

Company's commodity hedging activities can be divided into following:

- Timing mismatch risk: This is the price risk arising due to timing mismatch of purchases of copper concentrate, which is priced based on copper, gold and silver content and sale of copper products, gold and silver. We use various spread risk management tools to hedge this risk.
- Absolute price risk: We have price risk on aluminium that we produce. We use various derivative tools for hedging this risk from time to time.

Foreign Currency Exchange Risk

Exchange rate movements, particularly between the Indian Rupee (INR) and United States Dollars (USD) have an impact on Hindalco's cost and revenues. Since the company is long in USD

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(inflow greater than outflow), the company will benefit from weakening of the INR against USD and conversely, is disadvantaged if the rupee appreciates. In order to hedge this risk, your Company uses various tools such as foreign currency borrowings, currency forward and option contracts.

Interest Rate Risk

Your Company uses interest rate swaps to help maintain a strategic balance between fixed and floating-rate debts and to manage overall financing costs. Most of the long term loans are at fixed rate currently.

Project Execution Risk

Your Company is in the process of setting up 4 greenfield projects in difficult terrain. The project execution is contingent upon several external factors including but not limited to land acquisition, project management skills, timely delivery of equipments etc. Any delay in these activities could result in change in implementation schedule and affect the financial performance of the Company. Your Company is continuously monitoring the progress to ensure that the implementation schedules are adhered.

Internal Control

A strong internal control culture is pervasive throughout our Group. Regular internal audits at all our locations are undertaken to ensure that the highest standards of internal control are maintained. The effectiveness of a business' internal control environment is a component of senior management performance appraisals. The principal aim of the system of internal control

EMPOWERED PEOPLE EMPOWERED MINDS

At the heart of Hindalco's precess and products, behind its growth and success lies the story of Team Hindalco. A multi-lingual, multi-cultural cross section of people bound by the same values and pursuing a common mission to create superior value for all stakeholders.





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is the management of business risks, with a view to enhancing shareholders' value and safeguarding the Group's assets. It provides a reasonable assurance on the internal control environment and assurance against material misstatement or loss.

The Group operates a comprehensive annual planning, financial reporting and forecasting process. The Board formally approves a strategic plan and the annual budget. The Group's performance is monitored against the budget on a monthly and quarterly basis by the Executive Committee; significant variances are reviewed. The audit observations are reported and discussed by the senior management and the important ones are also presented to the Audit Committee of the Board. The audit observations are discussed and the appropriate feedback is conveyed to the relevant managers.

Arising from the announcement of the Institute of Chartered Accountants of India dated 29th March, 2008 on Accounting for Derivatives, the Company has decided for early adoption of Accounting Standard (AS) 30 on Financial Instruments : Recognition and Measurement, in so far as it relates to derivative accounting, from 1st April, 2009. In order to get reliable fair valuation and do accounting of different types of derivative transactions which the Company enters into to mitigate certain financial risks, we have used one third party software of international repute. Besides its usefulness in the area of derivative accounting, this software also has the capability to effectively take care of various tenets of hedge accounting. The resultant impact of early adoption of the AS and various disclosure requirements associated with derivative accounting have been dealt with elaborately in Notes on Accounts section of separate financial statements of the Company.

Material developments in human resources/ industrial relations front, including number of people employed

In 2007, our Group was adjudged as the best employer in India by Hewitt. Our culture and reputation as a business leader in the industry enables us to recruit and retain the best available talent in India.

Human capital

Our professionals are our most important assets. We are committed to remaining among the industry's leading employers. We have a pool of around 19,500 employees in our fold. The group has a well laid talent development plan that ensures attracting the talent and provides for nurturing and enhancement of talent.

Training and Development

Our training, continuing education and career development programs are designed to ensure that our professionals enhance their business skills. Our Group initiatives and our learning campus provide continuous learning opportunities. Our inhouse faculty conducts integrated training for our new employees. Leadership development is a core part of our training program.

Conclusion

To sum up the achievements in the financial year, your Company recorded a commendable performance in a volatile year fraught with huge uncertainty in the financial and commodity markets. This performance is testimony to the sound business models of our Aluminium and Copper businesses, the underlying strength of business operations and project management capabilities, stable and capable processes, and successful implementation of a well thought out strategic plan for quantum growth supported by a strong balance sheet and robust cash flows from existing operations. The year also witnessed a dramatic turnaround at Novelis and ABML two contrasting businesses operating in two entirely different geographies amidst different challenges.

With our business portfolio proving its mettle, we now have focused on timely execution of Greenfield projects that would further enhance our cost competitiveness and catapult us to a position of further strength.



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Global economy is expected to revive slowly and overall growth could remain subdued. The upstream aluminium industry will continue to face pricing pressure on account of large inventories and uncertain demand growth, while copper business will continue to face challenges on account of poor concentrate availability and low TcRcs.

FY 11 will be a landmark year:

- We have strengthened our balance sheet and have reduced our leverage. This would allow us to progress smoothly on the Greenfield projects through a calibrated approach.
- The brownfield expansions at Muri and Hirakud have been commissioned and will deliver the targeted cash flows to help finance our growth aspirations.
- We working on five greenfield sites in difficult terrain and have put in place the necessary organization to keep these projects on track.

The key focus will be to:

- Maintain profitability in the uncertain macro-economic environment.
- Maximise Free Cash Flow from existing operations.
- Leverage economies of scale and cutting edge technology in greenfield upstream projects and high-end downstream products.
- Your Company is progressing well to realise its aggressive growth plans.

These plans will enable your Company to grow in a steady and robust manner and continue to outperform the peers. Several cost reduction measures across the businesses and your company's inherent strengths will help us to sharpen its focus further and become even more competitive in the near future.

Mumbai
Dated the 4th Day of June, 2010.

CAUTIONARY STATEMENT

Statements in this "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.



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GOVERNANCE PHILOSOPHY

The Aditya Birla Group is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self-desire reflecting the culture of the trusteeship i.e. deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure.

In line with this philosophy Hindalco Industries Ltd. continuously strives for excellence through adoption of best governance & disclosure practices.

Compliance with Corporate Governance Guidelines

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code. Your Company's compliance with requirements is presented in the subsequent sections of this Report.

BOARD OF DIRECTORS

Composition of the Board

Your Company's Board comprises of 9 Non-executive Directors with considerable experience in their respective fields. Of these, 6 Directors are independent Directors. Clause 49 of the Listing Agreement as amended in April 2008, requires that if the Non-executive Chairman of the Company is the promoter then at least half of the Board of Directors of such Company should consist of independent Directors and we are in compliance with the above requirement of Clause 49 of the Listing Agreement.

None of the Directors is a Director in more than 15 Companies and Member of more than 10 Committee or a Chairman of more than 5 Committee (as specified in Clause 49), across all the Company in which he/she is a Director. All the Directors have intimated periodically about their Directorship and Membership in the various Board committees of other companies, which are within permissible limits of the Companies Act, 1956 and Corporate Governance Code.

The details of the attendance of each Director at the Board Meetings & Annual General Meeting held during the year and directorships, Membership/Chairmanship in Board Committees of other Companies are as follows:

Director	Category	No. of Board Meetings attended	Attendance at last AGM	No of other Directorships Held[3]		No. of other Companies' committee Positions Held[4]	
				Public	Private	Member	Chairman
Mr. Kumar Mangalam Birla	Non Executive	5	Yes	9	13	—	—
Mrs. Rajashree Birla	Non Executive	4	Yes	6	12	1	—
Mr. A. K. Agarwala	Non Executive[2]	6	Yes	5	—	—	—
Mr. E. B. Desai	Independent	6	Yes	8	2	2	4
Mr. S. S. Kothari	Independent	—	No	—	1	—	—
Mr. C. M. Maniar	Independent	5	Yes	14	4	6	1
Mr. M. M. Bhagat	Independent	5	Yes	4	1	1	1
Mr. K. N. Bhandari	Independent	6	Yes	9	—	2	1
Mr. N. J. Jhaveri	Independent	4	Yes	11	2	3	4
Mr. D. Bhattacharya	Managing Director	6	Yes	8	1	—	1

1. Independent Director means a director defined as such under Clause 49 of the Listing Agreement.
2. Mr. A. K. Agarwala was an Executive Director till 10th September 2003. Thereafter, he has moved to other responsibilities in the Aditya Birla Group.
3. Excludes Directorship held in Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956.
4. Represents only membership/chairmanship of Audit Committee and Shareholders' / Investors' Grievance Committee of Indian Public Limited Companies.

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Board's functioning and Procedure

Hindalco's Board of Directors play the primary role in ensuring good governance and functioning of the Company. All statutory and other significant and material information including information as mentioned in Annexure IA to Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Board also reviews periodically the compliance of all applicable laws. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion. The details of Board meetings held during FY 2009-2010 are as outlined below:

Date of Board Meeting	City	No. of Directors Present
29th May, 2009	Mumbai	5 out of 10
30th June, 2009	Mumbai	8 out of 10
31st July, 2009	Mumbai	8 out of 10
18th September, 2009	Mumbai	9 out of 10
31st October, 2009	Mumbai	8 out of 10
25th January, 2010	Mumbai	9 out of 10

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees of Directors to deal with matters and to monitor the activities falling within the terms of reference as follows:

AUDIT COMMITTEE

Constitution of Audit Committee and its functions:

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Committee presently comprises four Non-Executive Directors, all of whom are Independent Directors. During the year, the Audit Committee met 5 times to deliberate on various matters and the details of the attendance by the Committee members are as follows:

Name of Director	No. of Meetings	
	Held	Attended
Mr. M .M. Bhagat	5	4
Mr. C. M. Maniar	5	4
Mr. E. B. Desai	5	5
Mr. N. J. Jhaveri	5	3

1. The Chairman of the Audit Committee, Mr. M.M. Bhagat was present at the last Annual General Meeting of your Company held on 18th September ,2009.
2. Mr. D. Bhattacharya, Managing Director and Mr. S. Talukdar – Group Executive President & CFO, the representative of the Statutory Auditor, Head of the Internal Audit are permanent invitees of the Audit Committee.The representative of the Cost Auditors is invited to the Audit Committee Meetings whenever matters relating to Cost Audit are considered.
3. Mr. Anil Malik, Company Secretary, acted as Secretary to the Committee.

The Audit Committee is endowed with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other independent professional advice.
4. To secure attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee includes the following:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the

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financial statement is correct, sufficient and credible;

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of fees for any other services rendered by the statutory auditors.
4. Reviewing, with the management the annual financial statements before submission to the Board for approval, focussing primarily on :
 a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 b. Changes, if any, in accounting policies and practices and reasons for the same.
 c. Major accounting entries involving estimates based on the exercise of judgment by management.
 d. Significant adjustments made in the financial statements arising out of audit findings.
 e. Compliance with listing and other legal requirements relating to financial statements.
 f. Disclosure of any Related party transactions.
 g. Qualifications in draft audit report.
5. Reviewing, with the management, the quarterly financial results before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditor, if any;.
12. Reviewing the following information :
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses;
 - The appointment, removal and terms of remuneration of the Chief internal auditor;
 - Risk Management Framework.
13. Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

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SHAREHOLDER'S GRIEVANCES COMMITTEE

The Company has an "Investor Grievance Committee" at the Board level to deal with various matters relating to redressal of shareholders and investor grievances, such as transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend/ notices/ Annual Reports, etc. In addition, the Committee looks into other issues including status of dematerialisation / rematerialisation of shares and debentures, systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The composition of the Committee is as follows:

Mr. E. B Desai - Chairman

Mr. C. M Maniar - Member

During the year under review, the Committee met thrice to deliberate on various matters referred above. Details of attendance by Directors for the Committee meetings are as follows:

Name of Director	No. of Meetings	
	Held	Attended
Mr. E.B. Desai	3	3
Mr. C.M. Maniar	3	3

Mr. Anil Malik, Company Secretary, acts as Secretary to the Committee.

The Company's shares are compulsorily traded and delivered in the dematerialised form in all Stock Exchanges. To expedite the transfer in the physical segment, necessary authority has been delegated to certain officers, who are authorised to transfer up to 10,000 shares under one transfer deed.

Mr. Anil Malik, Company Secretary is Compliance Officer of the Company.

Details of complaints received, disposed off and pending during the year, number of shares transferred during the year, time taken for effecting these transfers and the number of share transfers pending are furnished in the "Shareholder Information" section of this Annual Report.

Non Executive Directors' compensation and disclosure

All fees/compensation including sitting fee paid to the non-executive directors of the Company are fixed by Board of Directors within the limits approved by the shareholders. Details of sitting fee/compensation paid including stock options , if any, to them are given at the respective places in the report.

Remuneration of Directors and others

Since the company has one Executive Director, your Company does not have a Remuneration Committee. The Board of Directors decides the remuneration of the Managing Director.

The Company has a system where all the directors or senior management of the Company are required to disclose all pecuniary relationship or transactions with the Company. No significant material transactions have been made with the Non- Executive Directors vis- a vis the Company during the year.

Besides sitting fees @ Rs. 5000/- per meeting of the Board or Committee thereof , the Company also pays Commission to the Non-Executive Directors.

For FY- 2009-10, the Board has approved payment of Rs.14 Crores (Previous Year Rs.7.50 Crores) as Commission to the Non- Executive Directors of the Company pursuant to the authority given by the shareholders at the Annual General Meeting held on 28th July, 2006 to pay Commission not exceeding 1% of the net profits of the Company to the Non-Executive directors of the Company. The Amount of Commission payable is determined after assigning weightage to attendance and the type of meeting and other responsibilities.

Executive Director is paid remuneration within the limits prescribed under Schedule XIII of the Companies Act, 1956. The said remuneration is approved by the Board as well as the Shareholders of the Company.

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The details of Remuneration package, fees paid etc. to Directors for the year ended 31 March 2010

(a) Paid to Non- Executive Directors :

Name of Director	Sitting Fees Paid	Commission payable	Total Payments Paid / Payable in 2009-10
	(In Rs.)	(Rs. in Lacs)	(Rs. in Lacs)
Mr. Kumar Mangalam Birla	25,000	1307.81	1308.06
Mrs. Rajashree Birla	20,000	22.39	22.59
Mr. E. B. Desai	1,20,000	16.72	17.92
Mr. A. K. Agarwala	80,000	9.14	9.94
Mr. M. M. Bhagat	45,000	12.32	12.77
Mr. C. M. Maniar	1,10,000	14.15	15.25
Mr. K. N. Bhandari	30,000	7.73	8.03
Mr. S. S. Kothari	Nil	Nil	Nil
Mr. N.J. Jhaveri	35,000	9.74	10.09

Notes:

1. No Director is related to any other Director on the Board, except Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are son & mother respectively.
2. Your Company has a policy of not advancing any loan to its Directors except to Executive Director in the course of normal employment.
3. The Company had obtained shareholders' approval for payment of commission to its Non-Executive Directors & Independent Directors, not exceeding 1% of net profit of the Company.
4. Stock Options were not granted to any Non-Executive Directors.

(b) Paid to Executive Director

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during 2009-10			
			All elements of remuneration package i.e, salary, benefits, bonuses, pension, etc.	Fixed component & performance linked incentives, alongwith performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. D. Bhattacharya	—	Managing Director	Rs. 13,15,14,234	See note (a)	See note (b)	See Note (c)

a) Mr. D. Bhattacharya was paid a sum of Rs. 3,99,20,000 towards performance bonus linked to achievement of targets.

b) The appointment is subject to termination by three months notice in writing on either side. Mr. Bhattacharya has been re-appointed for a further period of 5 years w.e.f. 1st October 2008. No severance fee is payable to the Managing Director.

c) 9,70,100 stock options were granted on 23rd August, 2007 & 25th January, 2008. 67,525 Options vested on 22nd August, 2008 were exercised by Mr. Bhattacharya at the exercise price.



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Employee Stock Option Scheme – 2006:

In accordance with applicable SEBI Guidelines, ESOS Compensation Committee of the Board of Directors of the Company, on 23rd August, 2007 granted 1,940,250 stock options at a price of Rs. 98.30 per share (1st Tranche) and on –25th January, 2008 granted 1,033,140 stock options at a price of Rs. 150.10 per share (2nd Tranche), to the eligible employees including Mr. D. Bhattacharya Managing Director. Each option is convertible into one equity share of the Company upon vesting/ exercise. The exercise price of the option has been determined in accordance with relevant SEBI Guidelines. (Refer Annexure 'A' to the Director's Report).

Details of Stock Options granted to Mr. D. Bhattacharya: Managing Director is as under:

Name of Director	1st Tranche			2nd Tranche		
	No. of Options Granted	Vesting Date / %	Exercise Period	No. of Options Granted	Vesting Date / %	Exercise Period
Mr. D. Bhattacharya	*2,70,100*	*23.08.08 (25%)*	*Within 22.08.2013*	*7,00,000*	*25.01.09 (25%)*	*Within 24.01.2014*
		23.08.09 (25%)	*Within 22.08.2014*		*25.01.10 (25%)*	*Within 24.01.2015*
		23.08.10 (25%)	*Within 22.08.2015*		*25.01.11 (25%)*	*Within 24.01.2016*
		23.08.11 (25%)	*Within 22.08.2016*		*25.01.12 (25%)*	*Within 24.01.2017*

All directors have disclosed their shareholding in the Company. None of the Directors are holding any debentures of the Company.

Details of shareholding of Directors as on March 31, 2010 is as follows:

NAME OF THE DIRECTORS	SHARES(Re.1 paid up)
Mr. Kumar Mangalam Birla	8,65,740
Mrs. Rajashree Birla	6,12,470
Mr. A.K. Agarwala	1,23,148
Mr. C.M. Maniar	47,565
Mr. E.B. Desai	2,74,128
Mr. M.M. Bhagat	4,500
Mr. S.S. Kothari	44,829
Mr. K.N. Bhandari	3,571
Mr. N.J. Jhaveri	5000
Mr. D. Bhattacharya	70,740

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Code of Conduct

Hindalco's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior management and employees of the Company. The Code is available on the Company's website.

For the year under review, all Directors, Senior management personnel of the Company have confirmed their adherence to the provisions of the said Code.

Declaration as required under Clause 49 of the Listing Agreement

We hereby confirm that:

All Directors, Senior Management and Employees of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2010.

Place: Mumbai D. Bhattacharya
Date : 4th June, 2010 Managing Director

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

As part of Aditya Birla Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company has a Code of Conduct for Prevention of Insider Trading in the Shares and securities of the Company for its Directors and designated employees. This Code of Conduct was amended in line with the amended Securities and Exchange Board of India (SEBI) Regulations in this regard.

SUBSIDIARY COMPANIES

Your Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews once in a year the financial statements and investments made by unlisted subsidiary companies. The minutes of the Board meeting as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board Meeting for their review.

DISCLOSURES

(A) Basis of related party transaction

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details before the Audit Committee from time to time. Attention of the Members is drawn to the disclosures of transactions with the related parties set out in Notes of Accounts forming part of the Annual Report.

(B) Non-compliance /Strictures/penalties/ imposed

No non-compliance / strictures / penalties have been imposed on the Company by stock exchange(s) or the SEBI or any statutory authority on any matters related to capital markets during the last three years.

(C) Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the Financial Statements . The Company had formulated a Scheme of Financial restructuring under Section 391 to 394 of Companies Act, 1956 ("the Scheme") between the Company and its Equity shareholders approved by the High Court of Judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") has been created during the previous year by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly Rs. 8647.37 crores has been transferred to BRR during the previous year and Interest and Finance charges amounting to Rs. 304.39 crores on loan taken by A.V Minerals (Netherlands) B.V Subsidiary of the Company has been adjusted this year against consolidated financial as per the aforesaid Scheme.

(D) Risk Management

Risk evaluation and management is an ongoing process within the Organisation. Your Company has comprehensive risk management policy and it is periodically



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reviewed by the Board of Directors. During the period under review, a detailed exercise on Risk Management was carried out covering the entire gamut of operation of the Company.

(E) Proceeds from public issues, right issues, preferential issues etc

The Company discloses to the Audit Committee, the uses/applications of proceeds/funds raised from rights issue, QIP etc., as part of quarterly review of financial results.

F) Management

Management Discussion and Analysis Report is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement and forms part of this Annual Report.

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives, etc., that may have a potential conflict with interests of the Company.

(G) Shareholders

The Company has provided the details of Directors seeking re-appointment in the Annual General Meeting notice attached with the Annual Report.

Quarterly Presentations on the Company results are available on the website of the Company (www.hindalco.com) and the Aditya Birla Group website (www.adityabirla.com).

CEO/CFO CERTIFICATION

The Managing Director and the CFO have certified to the Board that :

(a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) They have indicated to the Auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

REPORT OF CORPORATE GOVERNANCE

A separate section on Corporate Governance forms part of the Annual Report. Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement of the Stock Exchanges in India forms part of this report.

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GENERAL BODY MEETINGS

Details of Annual General Meetings

Location and time, where Annual General Meetings (AGMs) in the last three years were held:-

Year	AGM	Location	Date	Time
2008-09	AGM	Ravindra Natya Mandir, Mumbai	18th September, 2009	3.30 p.m
2007-08	AGM	Ravindra Natya Mandir, Mumbai	19th September, 2008	3.30 p.m
2006-07	AGM	Ravindra Natya Mandir, Mumbai	31st July, 2007	3.30 p.m

In the last three years special resolution as set out in the respective notices for AGM's were passed by shareholders.

Whether any special resolution passed last year through postal ballot? No

Person who conducted the postal exercise : NA

Whether any special resolution is proposed to be conducted through postal ballot : No

MEANS OF COMMUNICATION

Quarterly results:

Newspaper in which normally Financial Results are published in:

Newspaper	Cities of Publication
Financial Express (English)	All editions
Navshakti (Marathi)	Mumbai Edition only

Any website, where displayed — www.hindalco.com, www.adityabirla.com

Whether the Company Website displays

All official news releases	Yes
Presentation made to Institutional Investors/Analysts	Yes

Besides that, Annual report, Quarterly Results, Shareholding Pattern Statement etc. are posted on the Corporate Filing and Dissemination System as per the requirements of Clause 52 of the Listing Agreement.

General Shareholder Information

Provided in the 'Shareholders Information' section of the Report and Accounts.

Status of compliance of Non mandatory requirement

1. The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are available to enable him discharge his responsibilities effectively.
2. Your Company does not have a Remuneration Committee. The Board of Directors fixes the remuneration of the Managing Director.
3. "Performance Update" consisting of financial and operational performance for the first six months of financial year were being sent to the shareholders since 2000-01. However this practice has been discontinued from 2008-09.



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4. During the period under review, there is no audit qualification in the financial statement. The Company continues to adopt best practices to ensure unqualified financial statements.

5. During the duration of the Audit and Board Meetings, the management and the executive Director give extensive briefings to the Board members on the business model of the Company. The Company has also formed a Risk Management Board comprising of Directors and Executives of the Company which meets periodically to review Commodity and Foreign Exchange exposures of the Company.

6. All the Aditya Birla Group Companies have common "Corporate Principles & Code of Conduct", applicable to all the employees. Interalia, it provides for mechanisms to enforce and report violations of the principles and the code.

Voluntary Guidelines – 2009:

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in acheiving the highest standard of corporate governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated, and your Company will strive to adopt the same in a phased manner.

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SHAREHOLDER INFORMATION

1. Annual General Meeting

- Date and Time	:	3rd September, 2010 at 2.30 p.m
- Venue	:	Ravindra Natya Mandir P. L. Deshpande Maharashtra Kala Academy, Prabhadevi Mumbai: 400 025

2. Financial Year

- Financial reporting for the quarter ending June 30, 2010	:	On 3rd August, 2010
- Financial reporting for the half year ending September 30, 2010	:	On or Before 14th November, 2010
- Financial reporting for the quarter ending December 31, 2010	:	On or Before 14th February, 2011
- Financial reporting for the year ending March 31, 2011	:	On or Before 30th May, 2011
- Annual General Meeting for the year ended March 31, 2011	:	In the month of September, 2011
3. Dates of Book Closure	:	26th August, 2010 to 3rd September, 2010 (Both Days Inclusive)
4. Dividend Payment Date	:	After 3rd September, 2010
5. Registered Office	:	Century Bhavan, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 030. Tel: (91-22) 6662 6666 Fax: (91-22) 2422 7586/ 2436 2516 E-Mail: a.malik@adityabirla.com Website: www.adityabirla.com

6 (a) Listing Details:

Equity Shares	Global Depository Receipts (GDRs)
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	Societe de la Bourse de Luxembourg Societe Anonyme, RC B6222, B.P.165, L-2011, Luxembourg
National Stock Exchange of India Limited "Exchange Plaza", Bandra Kurla Complex Bandra (East), Mumbai 400 051.	

Note: Listing Fees has been paid to all the Stock Exchanges as per their schedule.

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Note: Listing Fees has been paid to all the Stock Exchanges as per their schedule.

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6 (b) Overseas Depository for GDRs : J.P. Morgan Chase Bank
60 Wall Street, New York, NY 10260
Tel: 1-302-552 0253 Fax: 1-302-552 0320

6 (c) Domestic Custodian of GDRs : Citibank N.A.
Trent House Plot No C-60
Bandra Kurla Complex, Bandra
Mumbai - 400051
Tel: 91-22- 40296118

7. *ISIN* Equity Share of Re. 1/- : ISIN INE038A01020
GDR : ISIN US4330641022 CUSIP No. 433064300

Stock Code:

Stock Code	Scrip Code
Bombay Stock Exchange	500440
National Stock Exchange	HINDALCO

Stock Exchange:	Reuters	Bloomberg
Bombay Stock Exchange	HALC.BO	HNDL IN
National Stock Exchange	HALC.NS	NHNDL IN
Luxembourg Stock Exchange (GDRs)	(GDRs)	HDCD LI

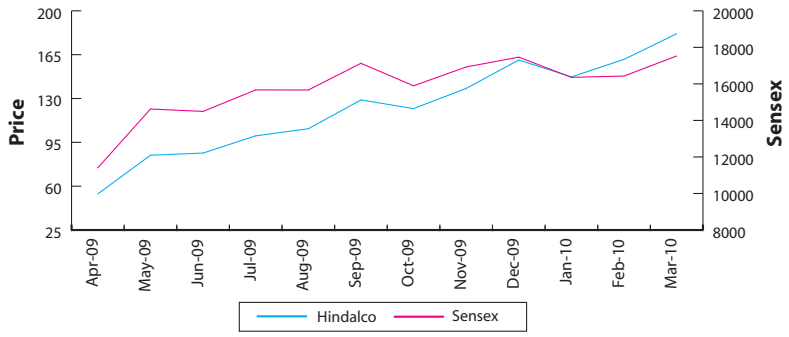
8. Stock Price Data

	Bombay Stock Exchange				National Stock Exchange				Luxembourg Stock Exchange		
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close
	(In Rs.)			(In Nos)	(In Rs.)			(In Nos)	(In US$)		
Apr-09	67.00	50.85	53.85	53,030,978	66.70	50.90	53.75	187,897,686	1.26	1.00	1.07
May-09	90.00	55.85	84.70	69,227,105	86.45	55.90	84.65	223,652,818	1.74	1.00	1.55
Jun-09	106.40	78.80	86.45	102,568,101	106.50	78.65	86.45	316,585,599	2.18	1.70	1.80
Jul-09	102.60	68.40	100.20	55,797,407	102.70	68.15	100.30	186,229,818	2.09	1.44	2.09
Aug-09	116.00	98.50	105.85	71,334,722	116.00	95.25	106.00	268,099,139	2.45	2.00	2.16
Sep-09	139.60	101.00	128.85	65,733,328	139.90	101.05	129.05	278,884,723	2.87	2.12	2.69
Oct-09	144.35	116.85	121.95	42,703,143	144.45	116.70	121.85	189,265,976	3.05	2.40	2.59
Nov-09	140.80	106.75	138.05	38,949,212	140.80	106.30	138.10	174,420,329	2.97	2.30	2.97
Dec-09	163.00	136.55	160.75	45,480,869	163.00	136.25	160.85	237,456,822	3.47	2.73	3.45
Jan-10	179.75	139.55	147.25	39,558,247	179.80	139.80	147.35	235,986,577	3.83	3.18	3.19
Feb-10	162.65	133.55	161.25	54,161,648	164.90	133.55	162.65	268,719,103	3.49	2.88	3.49
Mar-10	186.85	158.25	181.70	44,141,476	186.90	158.15	181.25	198,143,859	4.10	3.40	4.05

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9. Stock Performance



10. Stock Performance over the past few years:

Absolute Returns (in %)				Annualised Returns (in %)			
	1YR	3YR	5YR		1YR	3YR	5YR
Hindalco	248.2%	53.4%	64.0%	Hindalco	248.2%	15.3%	10.4%
BSE SENSEX	80.5%	34.1%	170.0%	BSE SENSEX	80.5%	10.3%	22.0%
NIFTY	73.8%	37.4%	157.9%	NIFTY	73.8%	11.2%	20.9%

11. Registrar and Transfer Agents : The Company has In-house Investors Service Department registered with SEBI as category II Share Transfer Agent vide Registration no INR 000003910

Investors Service Department

Hindalco Industries Limited
Ahura Centre, 1st floor, B Wing
Mahakali Caves Road
Andheri (East), Mumbai- 400 093.
Tel: (91-22) 6691 7000
Fax: (91-22) 6691 7001
E-mail: a.malik@adityabirla.com

12. Details of Share Transfer System : Share transfer in physical form are registered and returned within a period of 15 days of receipt, provided the documents are clear in all respects. Officers of the Company have been authorized to approve transfers up to 10,000 Shares in physical form under one transfer deed and one Director of the Company has been authorized to approve the transfers exceeding 10,000 shares under one transfer deed.

The total number of shares transferred in the physical form during the year was 618,619.

	2009-10			2008-09		
Transfer period (in days)	No of Transfers	%	No of Shares	No of Transfers	%	No of Shares
1-10	1,111	88.24	523,242	834	56.63	520,738
11-15	92	7.31	532,81	406	27.56	214,495
16-20	11	0.87	14,201	110	7.46	64,810
21-above	45	3.57	27,895	123	8.35	64,410
Total	**1,259**	**100.00**	**618,619**	**1,473**	**100.00**	**864,453**

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13. Investor Services

a) Complaints received during the year

Nature of complaints	2009-2010		2008-2009	
	Received	Cleared	Received	Cleared
Relating to Transfers, Transmissions Dividend, Interest, Redemption, Demat – Remat, Rights Issue and Change of Address etc.	82	82	120	120

b) Shares pending for transfer : Nil

14. a) Distribution of Shareholding of as on 31st March:

	2010				2009			
No of Equity Shares held	No of Share Holders	% of Share holders	No of Shares held	% Share holding	No of Share Holders	% of Share holders	No of Shares held	% Share holding
1-1000	313,718	92.46	51,534,233	2.69	404,237	92.64	65,980,811	3.88
1001-2000	11,360	3.35	16,521,731	0.86	14,326	3.42	20,917,727	1.23
2001-5000	8,176	2.41	26,000,024	1.36	9,745	2.33	31,068,983	1.83
5001-10000	3,161	0.93	22,376,058	1.17	3,661	0.87	25,917,559	1.52
10001-50000	2,172	0.64	41,548,911	2.17	2,497	0.60	48,154,900	2.83
50001-100000	191	0.06	13,300,348	0.70	221	0.05	15,468,306	0.91
100001 and above	503	0.15	1,742,181,137	91.05	377	0.09	1,492,762,521	87.80
Total	**339,281**	**100.00**	**1,913,462,442**	**100.00**	**435,064**	**100.00**	**1700,270,807**	**100.00**

15. Dematerialisation of Shares and Liquidity : Around 97% of outstanding shares have been dematerialized. Trading in Hindalco Shares is permitted only in the dematerialized form from 5th April, 1999 .

16. Details on use of public funds obtained in three years : The Company had raised Rs. 4545 crore from the rights issue on October, 2008 of Re. 1 each at a premium of Rs. 95 per equity share. The objective of the rights issue was to fund part of the repayment of bridge loan availed by A.V. Minerals (Netherlands) B.V an overseas subsidiary of the Company for the acquisition of Novelis Inc, Canada. The fund raised has been utilized for the above envisaged purpose.

The Company has raised Rs.2790.10 Crores through Qualified Institutional Placement on 1st December, 2009. Out of this amount Rs. 396 crores has been spent for various ongoing projects (including issue related expenses) till 31st March, 2010 and the balance amount has been invested temporarily in mutual funds.

17. Outstanding GDR/ Warrants/Convertible Bonds : 165,143,129 GDR's are outstanding as on 31st March, 2010. Each GDR represents one underlying equity share.

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18. Plant Locations:

Aluminium & Power

Renukoot Plant*
P.O. Renukoot -231217
Dist Sonbhadra
Uttar Pradesh.
Tel : (05446) 252077-9
Fax: (05446) 252107/427

Renusagar Power Division
P. O. Renusagar
Dist. Sonbhadra,
Uttar Pradesh.
Tel: (05446) 277161-3/ 278592-5
Fax: (05446) 27164/ 278596

Hirakud Smelter
Hirakud 768 016
Dist: Sambalpur Orissa
Tel: (0663) 2481307/452
Fax: (0663) 2481356

Hirakud Power
Post Box No.12
Hirakud 768 016
Dist: Sambalpur Orissa
Tel: (0663) 2481307/ 2481273/452
Fax: (0663) 2481356

Copper

Birla Copper Division
P.O. Dahej, Lakhigam
Dist. Bharuch – 392 130
Gujarat
Tel: (02641) 256004-06, 251009
Fax: (02641) 251003/002

Chemicals

Muri Alumina
Post Chotamuri-835 101
Dist: Ranchi, Jharkhand
Tel: (06522) 244253/334
Fax: (06522) 244342

Belgaum Alumina
Village Yamanapur
Belgaum 590 010
Karnataka
Tel: (0831) 2472717/18
Fax: (0831) 2472728

Mines

Chandgad Mines
At Post: Chandgad 416509
Dist: KolhapurMaharashtra
Tel/Fax: (02320) 213342

Durgmanwadi Mines
At Post Radhanagri
Dist: Kolhapur,
Maharashtra - 416 212
Tel: (02321) 2371008
Fax: (02321) 237478

Lohardaga Mines
Dist: Lohardaga 835 302
Jharkhand
Tel/Fax: (06526) 224112

Talabira Mines
Talabira-1, Coal Project
Qrs. No. A6/1
Saraswati Vihar
P.O. Sankarma
Dist. Sambalpur, Orissa
Tel: (0663) 2230573

Samari Mines
P.O: Kusumi 497222
Dist : Sarguja Chattisgarh
Tel/Fax(07778)274325

Sheet, Foil, Packaging & Extrusions

Foils Division
Village Khutli, Khanvel,
Silvassa-396 230
U.T. of Dadra & Nagar Haveli
Tel: (0260) 6618100
Fax: (0260) 2677025

Belur Sheet
39, Grand Trunk Road
Belurmath 711 202
Dist: Howrah, West Bengal
Tel: (033) 26100408
Fax: (033) 2654 9982/5740

Taloja Sheet
Plot 2, MIDC Industrial Area
Taloja A.V.
Dist : Raigad
Navi Mumbai - 410 208
Maharashtra
Tel: (022) 66292929
Fax: (022) 2741 2430/31

Kalwa Foil
Thane Belapur Road
Kalwa, Thane 400 605
Maharashtra
Tel: (022) 25321141
Fax: (022) 25348798

Mauda Unit
Village Dahali
Ramtek Road, Mouda
Nagpur – 441 104
Tel: (07115) 660777/786

Kollur Works
Village- Kollur Re Puram
Mandal Via Mutangi, Medak
Dist Andhra Pradesh – 502 300
Tel: (08413) 234300/ 234204/05
Fax: (08455) 288829

Alupuram Extrusion
Alupuram P.B. No. 30
Kalamassery 683 104
Dist: Ernakulam,
Kerala
Tel: (0484) 2532441-48
Fax: (0484) 2532468

*Renukoot works has also manufacturing facilities of Chemicals, Sheets and Extrusions.



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19. Investor Correspondence : The Company Secretary
Hindalco Industries Limited
Century Bhavan, 3rd floor, Dr. Annie Besant Road,
Worli, Mumbai - 400 030.
Tel: (91-22) 6662 6666
Fax: (91-22) 2422 7586 / 2436 2516
Email: a.malik@adityabirla.com

20. Categories of Shareholding (as on 31st March):

	2010				2009			
Category	**No of Share Holder**	**% of share holders**	**No of Shares held**	**% share holding**	**No of Share Holder**	**% of share holders**	**No of Shares held**	**% share holding**
Promoters	21	0.01	613,797,188	32.08	21	0.00	613,797,188	36.09
Mutual Funds & UTI	128	0.04	56,043,833	2.93	282	0.06	44,434,415	2.62
Banks/Financial Institutions/Ins/Govt	110	0.03	243,523,381	12.73	119	0.04	272,124,529	16.00
FIIs	453	0.13	553,768,633	28.94	234	0.05	175,416,190	10.33
Corporates	3577	1.05	78,764,335	4.11	4,762	1.09	155,630,446	9.17
Individuals/ Shares in transit	327512	96.53	161,034,334	8.42	422,098	97.03	223,048,405	13.11
NRIs/ OCBs	7479	2.21	41,387,609	2.16	7,547	1.73	43,123,955	2.53
GDRs	1	0.00	1,65,143,129	8.63	1	0.00	1,72,695,679	10.15
Total	**339,281**	**100**	**1,913,462,442**	**100**	**435,064**	**100.00**	**1700,270,807**	**100.00**

21. Per share data:

	2009-10	2008-09	2007-08	2006-07	2005-06
Net Earnings (Rs. Crores.)	1,916	2,230	2,861	2,564	1,656
Cash Earnings (Rs. Crores.)	2,583	2,875	3,449	3,202	2,177
EPS (Rs.)	10.82	14.82	22.23	25.52	16.79
CEPS (Rs.)	14.58	19.10	26.80	31.87	22.07
Dividend per share (Rs.)	1.35@	1.35	1.85	1.70	2.20
Dividend pay out (%)	15.7@	12.0	9.3	7.9	14.9
Book Value per share (Rs.)	145.87	139.73	142.09	118.97	97.40
Price to earning (x)*	16.8	3.5	7.4	5.1	10.9
Price to cash earning (x)*	12.5	2.7	6.2	4.1	8.3
Price to Book Value (x)*	1.2	0.4	1.2	1.1	1.9

**Stock Prices as on 31st March.*

@ proposed dividend

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22. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

Shareholders who have not yet encashed their dividend warrants for the years 2002-2003 to 2008-2009 may approach the Company for revalidation / issue of duplicate dividend warrant quoting reference of their Ledger Folio numbers / DP & Client ID.

Shareholders of 6% Cumulative Redeemable Preference Shares who have not yet encashed their dividend warrants for the years 2007-2008, 2008-2009 and Redemption warrant may approach the Company for revalidation / issue of duplicate dividend warrant quoting reference of their Ledger Folio numbers / DP & Client ID.

22.1 The Unclaimed dividend for the financial year 2001-2002 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.

Shareholders are advised that dividends for the financial year ended 2002 -2003 onwards which remains unpaid/unclaimed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956. Shareholders who have not claimed the dividend for this period are requested to lodge their claim with the Company, as under the amended provisions of Section 205B of the Act, no claim shall lay for the unclaimed dividends from IEPF by the Members.

Upon effectiveness of the Scheme of Arrangement under the Companies Act, 1956 between Indo Gulf Corporation Limited (IGCL), Hindalco Industries Limited (Hindalco) and Indo Gulf Fertilisers Limited (IGFL), all unpaid dividend amounts of the then IGCL for FY1998-99 to FY 2001-02 have been taken over by the Company and transferred to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.

Upon effectiveness of the Scheme of Arrangement under the Companies Act, 1956 between Indian Aluminium Company, Limited (Indal) and Hindalco Industries Limited (Hindalco) all unpaid dividend amounts of the then Indal for FY2000-01 and FY2001-02 have been taken over by the Company and transferred to the Investor Education and Protection Fund constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956.

As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978, the then Indal has transferred all unclaimed dividend up to FY 1994-95 to the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend for the said financial year(s), may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, 234/4, A J C Bose Road, Kolkata 700 020 by submitting an application in the prescribed form.

In case of any query contact –
Investor Service Department
Hindalco Industries limited
1, Prafulla Chandra Sen Sarani
Kolkata 700 071
Tel.: (033) 2281 2534
Email ID: hilinvestor@adityabirla.com

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22.2 *ECS/NECS Facility*

The Company uses "Electronic Clearing Service" (ECS) facility for remitting dividend to its shareholders wherever available.

In terms of a notification issued by the Reserve Bank of India, with effect from 1st October, 2009, remittance of dividend through ECS is replaced by National Electronic Clearing Service (NECS). Banks have been instructed to move to the NECS platform. The advantages of NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.

To enable remittance of dividend through NECS, Members are requested to provide their new account number allotted to them by their respective banks after implementation of CBS. The account number must be provided to the Company in respect of shares held in physical form and to the Depository Participants in respect of shares held in electronic form.

23. INVESTOR SERVICES

23.1 Equity Shares of the Company are under compulsory demat trading by all investors, with effect from 5th April, 1999. Considering the advantages of scrip less trading, shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

23.2 Shareholders/Beneficial Owners are requested to quote their Folio No./DP & Client ID Nos., as the case may be, in all correspondence with the Company. All correspondences regarding shares & debentures of the Company should be addressed to the Investor Service Department of the Company at Ahura Centre, 1st Floor, 'B' Wing, Mahakali Caves Road, Andheri (East), Mumbai - 400 093 and not to any other office(s) of the Company.

23.3 Shareholders holding shares in physical form are requested to notify to the Company, change in their address/Pin Code number and Bank Account details promptly by written request under the signatures of sole / first joint holder. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their DP.

23.4 To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Details (if not provided earlier) to the Company (if shares are held in physical form) or to DP (if shares are held in demat form), as the case may be, for printing of the same on their dividend warrants.

23.5 Non-resident members are requested to immediately notify:-

- change in their residential status on return to India for permanent settlement;
- Particulars of their NRE Bank Account with a bank in India, if not furnished earlier.

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23.6 In case of loss/misplacement of share certificate, investors should immediately lodge a FIR/Complaint with the police and inform to Company along with original or certified copy of FIR/acknowledged copy of the complaint.

23.7 For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed, wherever applicable registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.

The Securities and Exchange Board of India (SEBI) vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transactions. Thereafter, vide Circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009, SEBI has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTAs for registration of such transfer of shares.

SEBI has further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).

b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.

c) Transposition of shares- when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

23.8 Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.

23.9 Shareholders(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

23.10 Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.

23.11 Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

23.12 Shareholders are requested to quote their E-mail Ids, Telephone/Fax numbers for prompt reply to their communication.

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SUSTAINABLE DEVELOPMENT : ENVIRONMENT RESPONSIBILITY

The challenges that the world faces on environment conservation, are indeed alarming. Just to highlight a few – climate change, the severity of droughts and floods, their impact on rain fed agriculture, the emission of greenhouse gases and our ability to pursue sustainable development. We in India are no exception to these issues. Environment conservation and sustainable development are continuously on your Company's radar. Hence these are integrated into its business strategies as well as its efforts towards fostering inclusive growth through its rural development and community initiatives.

All of your Company's plants and mines, adopt clean technologies and processes that combine both economic progress and sustainable environment. Among these are the integrated Aluminium and Copper Complexes at Renukoot, Hirakud and Dahej, the Alumina plants at Belgaum and Muri, the Smelter power complex at Hirakud, the Sheet Rolling plants at Belur, Taloja, Mauda, the Foil Plants at Kalwa, Kollur and Silvassa, the Extrusions plant at Alupuram and the Company's Bauxite and Coal mines in Chattisgarh, Jharkhand and Maharashtra.

At most of your Company's plants, ISO 9001, ISO-14001 and OHSAS-18001 have been combined into the Integrated Management System (IMS).

State-of-the-art automated industrial and domestic effluent treatment plants operate across all the manufacturing units. The treated effluent and treated domestic water is recycled and is used for process, horticulture and irrigation. At your Company's Muri Unit, consequent to effluent recycling, the fresh water requirement for the alumina refinery has been reduced by over 60%. Going forward, the fresh water requirement at the power plant will be reduced substantially through segregated and direct use of clean effluents from the alumina refinery, besides 100% use of treated effluents in non-process areas. Eventually, we hope to make the Muri Unit a Zero discharge Plant.



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Likewise, your Company's Belgaum unit has embarked on a project for comprehensive effluent management. This includes construction of a new effluent holding pond, a process ETP and a rain water harvesting pond. This facility scheduled to be commissioned in July 2010, will render it a Zero discharge plant besides reducing the fresh water consumption at its Alumina refinery.

The Mauda Rolling plant is a Zero Discharge plant already. It has significantly reduced fresh water consumption as well.

To conserve natural resources at your Company's Copper complex, a 4400 M3/day Reverse Osmosis (RO) plant treats the process water from the cooling tower and a portion of streams from the effluent treatment plant. The treated water from the RO plant is used for horticulture and slag granulation. This has resulted in conserving process water consumption by 1200 to 1500 m3/day.

At Renukoot Plant, Solid waste is put to reuse by your Company. The stacking of red mud is in place. The sludge from STP (Sewage Treatment Plant) and ETP (Effluent Treatment Plant) is used to nurture trees and plants. Fly ash and fly ash bricks are utilized in the construction sector.

Advance Hi-Tech Dry Scrubbing Systems on all potlines, of Renukoot are in place to efficiently arrest fluorine emissions and particulate matter. The efficient ESPs (Electrostatic Precipitators) in boilers and calciners and FTPs (Fume Treatment Plants) in Baking Furnaces have been strategically positioned to stall dust emission. Dry ash handling system has been installed for better ash utilization and to reduce dusting during unloading of ash from all Boilers. To cut emission even further retrofitting of old Baking Furnaces is in progress.

At the Renusagar Captive Power Plant, an advanced Chemical Jet Dust Suppression system has been installed in all the Coal conveyers and at coal transfer points. MST compound (a proprietary item-name given by the supplier) is used for mist formation leading to low water consumption. Dust Extraction system with bag filters have also been provided at the coal screen. Water sprinklers all around the coal yard and ash disposal site suppress air borne particles. The installation of Dry fog system is in progress at the unloading station at ARW (Aerial Ropeway) for controlling dust emission.

To conserve electricity, translucent sheets for natural illumination are being set up inside the Silvassa plant. This will help cut down the consumption of electricity during the day.

The mapping of Carbon Footprint for your Company's operations is underway. Subsequently, your Company intends to benchmark the action points of identified projects, aimed at the reduction of the Carbon footprint.

A number of pro-active and growth oriented measures for scaling up your Company's Environment Management performance, are in progress. Your Company is actively pursuing the Charter on Corporate Responsibility for Environment Protection (CREP) mooted by the Ministry of Environment and Forest.

Your Company continues to make substantive investments towards environment protection. Up until now an investment of over Rs.6,343 million has been made. An additional capex of Rs.809 million has been earmarked for bettering the processes at Renukoot and Renusagar.

The green cover at your Company's plants is simply awesome. At some points, you cannot even see the skyline. Only the leaves and the flowers and hear the cacophony of the birds. When you walk through this wooded ambience, you can never imagine that there would be a plant in the midst of nature. Our Board, our Management and all of our colleagues are committed to living in harmony with nature.

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Hindalco – Sustainability Report / Inclusive Growth

Corporate Social Responsibility Policy

For us in the Aditya Birla Group, reaching out to underserved communities is part of our DNA. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.

Our vision is - "to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index" (Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development).

Implementation process: Identification of projects

All projects are identified in a participatory manner, in consultation with the community, literally sitting with them and gauging their basic needs. We recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other influentials, projects are prioritized.

Arising from this, the focus areas that have emerged are Education, Health care, Sustainable livelihood, Infrastructure development, and espousing social causes. All of our community projects are carried out under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development.

In **Education,** our endeavour is to spark the desire for learning and knowledge at every stage through • Formal schools • Balwadis for elementary education • Quality primary education • Aditya Bal Vidya Mandirs • Girl child education • Adult education programmes.

In **Health care** our goal is to render quality health care facilities to people living in the villages and elsewhere through our Hospitals •



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Primary health care centres • Mother and Child care projects • Immunization programmes with a thrust on polio eradication • Health care for the visually impaired, and physically challenged • Preventive health through awareness programmes.

In **Sustainable Livelihood** our programmes aim at providing livelihood in a locally appropriate and environmentally sustainable manner through • Formation of Self Help Groups for women empowerment • Vocational training through Aditya Birla Rural Technology Parks • Agriculture development and better farmer focus • Watershed development • Partnership with Industrial Training Institutes.

In **Infrastructure Development** we endeavour to set up essential services that form the foundation of sustainable development through • Basic infrastructure facilities • Housing facilities • Safe drinking water • Sanitation & hygiene • Renewable sources of energy.

To bring about **Social Change**, we advocate and support • Dowryless marriage • Widow remarriage • Awareness programmes on anti social issues • De-addiction campaigns and programmes • Espousing basic moral values.

Activities, setting measurable targets with timeframes and performance management.

Prior to the commencement of projects, we carry out a baseline study of the villages. The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, population data - below the poverty line and above the poverty line, state of infrastructure, among others. From the data generated, a 1-year plan and a 5-year rolling plan are developed for the holistic and integrated development of the marginalized. These plans are presented at the Annual Planning and Budgeting meet. All projects are assessed under the agreed strategy, and are monitored every quarter, measured against targets and budgets. Wherever necessary, midcourse corrections are affected.

Organizational mechanism and responsibilities

The Aditya Birla Centre for Community Initiatives and Rural Development provides the vision under the leadership of its Chairperson, Mrs. Rajashree Birla. This vision underlines all CSR activities. Every Manufacturing Unit has a CSR Cell. Every Company has a CSR Head, who reports to the Group Executive President (Communications & CSR) at the Centre. At the Company, the Business Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the projects is on the various Unit Presidents and CSR teams. To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency.

Partnerships

Collaborative partnerships are formed with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders. This helps widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

In collaboration with FICCI, we have set up Aditya Birla CSR Centre for Excellence to make CSR an integral part of corporate culture.

The Company engages with well established and recognized programs and national platforms such as the CII, FICCI, ASSOCHAM to name a few, given their commitment to inclusive growth.

Budgets

A specific budget is allocated for CSR activities. This budget is project driven.

Information dissemination

The Company's engagement in this domain is disseminated on its website, Annual Reports, its house journals and through the media.



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SUSTAINABLE DEVELOPMENT : INCLUSIVE GROWTH

Management Commitment

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility Voluntary Guidelines spelt out by the Ministry of Corporate Affairs, Government of India in collaboration with FICCI (2009).

Inclusive Growth

Towards inclusive growth

A snapshot of your Company's work

Your Company's CSR activities extend to 655 villages and 5 urban slums, in proximity to its plants, across the country.

Health Care

We reached out to 3,19,000 villagers in 1,750 medical camps conducted for general health checkups and thousands of villagers in the remotest areas through our rural mobile medical van services. Those afflicted with serious ailments were referred to our hospitals. At the Company hospitals, across the Units, over 5 lakh patients have been treated at virtually no cost to them.

At the eye camps conducted by us, 2,492 patients were operated for cataract, and intra-ocular lens fitted for their vision.

At the medical camps organized for the physically challenged, 60 patients who were given artificial limbs, can now walk.

Mother and Child Health Care

We immunized 13,20,083 children against polio, and thousands of children against other diseases like malaria, typhoid and hepatitis-B.

More than 57,870 women took advantage of the anti-natal, post natal, mass immunization, nutrition and escort services for institutional delivery. These are core activities of the Reproductive and Child Health programmes.

Our focused programme on adolescent health care covered 1,326 girls.

As a result of our intensive motivation drives towards responsible family raising 21,000 villagers opted for planned families.

Education

Over 10,460 children were enlisted this year at our Balwadis. Additionally, we were able to enroll 5,758 children in the local schools.

To encourage the spirit of excellence, 5,395 students from the rural schools supported by us, were awarded scholarships.

To focus on the girl child, several of our units foster the cause of Girl child education through the Kasturba Gandhi Balika Vidyalayas(KGVB)-residential schools for girls.

Over 4,515 people have joined our adult literacy classes.

Sustainable Livelihood

At the Aditya Birla Rural Technology Park, more than 275 programmes were conducted. The thrust was on repair and maintenance of diesel pump sets, electric and electronic goods, hand pumps, making bags, ropes, tailoring and knitting.

Skill sets of 10,767 rural youth have been honed to enable them stand on their feet.

Training in crop diversification, floriculture demonstration, integrated pest management and post harvest technology has been a boon to 18,411 farmers.

Watershed Development projects ensure optimum use of land and water resources. Installation of lift irrigation projects, construction

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of check dams, water channels and digging of wells, have benefitted 27,149 farmers.

Women Self Help Groups

Our 1,892 Self Help Groups empower 20,000 women financially and socially. These women have taken to tailoring, weaving, knitting, crafting bamboo baskets, san sutli (ropes), vermin compost, rearing samplings, mushrooms cultivation, making pickles and spices, selling vegetables and fruits and running grocery stores.

Infrastructure

Ongoing community support in the form of better roads, potable water systems, biogas plants, building of community centres, animal sheds, construction of dry toilets, provision of street lights and electricity, subsidizing houses, served the needs of over 1,71,615 people.

To conserve water and support agriculture, 67 ponds, over a 100 check dams and bore wells were constructed.

Panchayat meeting halls, schools buildings and community halls have also been maintained by your Company.

Of the 105 villages that we have committed for conversion into model villages, 17 have been already transformed this year.

In sum

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care and to the upliftment of our rural societies.

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Dear Shareholders,

Your Directors are pleased to present the 51st Annual Report along with the audited annual accounts for the year ended 31st March, 2010.

The severe downturn witnessed in the previous year was arrested and macro economic factors showed signs of recovery. Several measures taken by your Company started yielding results in the form of higher production, lower cost and higher sale of value-added products. Your Company also successfully placed QIP of USD 600 Million during the year under review.

Financial Performance

Your Company's Consolidated Revenue crossed USD 12.8 Billion mark during the year. The consolidated EBIDTA was at USD 2.1 Billion i.e. Rs.10,069 Crore. Business Performance is amongst the best ever with highest net profit.

Overall results of your Company clearly reflect derisked business portfolio in terms of geographic and product mix.

Standalone Results

For the year ended 31 March 2010, net sales at Rs.19,536 crore were higher by 7%. The highest ever metal volume, better product and geographic mix, despite subdued commodity prices helped improve the company's performance. The superior operational performance in terms of highest ever metal production and substantial cost savings on improved efficiencies were negated by adverse macro-economic factors, which were pronounced in both the businesses.

In the Aluminium Business, lower Rupee-LME eroded profit by around Rs.750 crore. Additionally, Rs.100 crore was lost on account of the higher coal cost at Renusagar Power. Copper Business, which benefitted from higher contracted TcRc (Treatment charges and Refining charges), lost Rs.750 crore on lower by-product credit, in terms of sulphuric acid realisation and lower fertiliser subsidy. Against this backdrop, the performance of both the Businesses was satisfactory. Other income at Rs.260 crore was lower by Rs.377 crore, on account of low treasury corpus, post repayment of bridge loan in November 2008, which was taken for Novelis acquisition and for higher project spending. Abundant liquidity kept short-term rates low. This also affected yields on the company's investments which are mostly in liquid plans. It also reduced the cost of working capital borrowing. As a result, the interest and financing charges also reduced from Rs.337crore in FY09 to Rs.278 crore in FY10.

Arising from the announcement of the Institute of Chartered Accountants of India dated 29th March, 2008 on Accounting for Derivatives, the Company has decided for early adoption of Accounting Standard (AS) 30 on Financial Instruments : Recognition and Measurement, in so far as it relates to derivative accounting, from 1st April, 2009. Accordingly, net loss arising on fair valuation of outstanding derivatives as on 01st April, 2009 amounting to Rs. 230.58 crore (net of deferred tax of Rs. 118.73 crore) has been adjusted against General Reserves following transitional provisions. Accounting for all derivatives from 1st April, 2009 have been done as prescribed under the AS. As a result, net gain / (loss) of Rs. (236.12) crore and Rs. 167.75 crore & Rs. 246.09 crore for the year ended 31st March, 2010 have been included under Sales and Raw Materials Consumed & Other Expenses (in Manufacturing and Other Expenses), respectively, with consequential impact on profit for the year ended 31st March, 2010. The figures of the current year in respect of above items are, therefore, not comparable with those of the previous year.

Consolidated Results

Consolidated revenues were lower at Rs. 60,722 crore, mainly due to lower aluminum prices and softness in the Company's end-markets in the first half of the year, especially for Novelis.



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Further, change in the status of Idea Cellular Ltd. from joint venture to associate w.e.f from 1st January 2009 for the purpose of consolidation, also resulted in proportionate revenue from Idea not being included in the consolidated revenues.

Profit before depreciation, interest and taxes soared to a record level of Rs.10,069 crore from Rs. 3,661crore in FY09.Consolidated result include pre-tax adjustment for unrealised derivative gain/(Loss) of Rs. 2,736.4 crore in FY 10 and (Rs. 2,380.7) crore in FY 09 at Novelis.

Aluminium Business revenue fell by 11% to Rs.48,091 crore on the back of lower LME and lower demand in first half of the year. Earning before interest and tax turned around from a loss of Rs. 425 crore to a profit of Rs. 5,998 crore. This reflects steady improvements in operations across the board. Copper business revenue increased by 13% to Rs.12,575 crore and EBIT trebled from Rs. 374 crore to Rs. 1,003 crore.

(Rs. in Crores)

	Standalone		Consolidated	
Financial Results for the year ended	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**
Net Sales and Operating Revenues	19,536.28	18,219.65	60,722.11	65,962.95
Profit before Tax	2,264.56	2,690.32	6,180.76	(604.92)
Provision for Current Tax	374.20	478.11	554.30	872.53
Provision for Deferred Tax	87.90	121.40	1,377.59	(1,689.36)
Provision for Fringe Benefit Tax	0.00	11.37	0.00	12.19
Tax adjustment for earlier years (Net)	(113.17)	(150.83)	(102.98)	(149.11)
Profit before Minority Interest	1,915.63	2,230.27	4,351.85	348.83
Minority Interest	0.00	0.00	423.70	(171.78)
Share in Profit / (Loss) of Associates (Net)	0.00	0.00	2.68	36.72
Net Profit	1,915.63	2,230.27	3,925.47	483.89
Appropriations:				
Debenture Redemption Reserve	0.00	5.00	0.00	5.00
Capital Reserve	0.00	0.00	0.00	1.50
Capital Redemption Reserve	0.00	0.41	0.00	0.41
Special Reserve	0.00	0.00	0.48	0.92
Dividend on Preference Shares	0.00	0.02	0.00	0.02
Dividend Tax on Preference Shares	0.00	0.01	0.00	0.01
Proposed Dividend on Equity Shares	258.32	229.58	259.91	231.16
Tax on Proposed Dividend	42.90	39.02	43.48	39.61
Transfer to General Reserve	1,701.91	1,956.23	1,704.96	1,958.55

Dividend

Your Directors have recommended a dividend of Rs.1.35 per share i.e. @135% per equity share for the financial year ended March 31, 2010 amounting to Rs.258.32 crore. Together with the Corporate Dividend Tax of Rs. 42.90 crore, the total payout works out to Rs. 301.22 crore.

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Growth plans underway in Aluminium

Your Company is aggressively pursuing various brownfield and greenfield growth opportunities in Aluminium as described below:

Project	Commissioning
Hirakud Smelter	
155 KTPA to 161 KTPA	Q2FY11
161 KTPA to 213 KTPA	Q4FY12
Flat Rolled Products at Hirakud	Q2FY12
Utkal Alumina Project	Q2FY12
Mahan Aluminium Project	Q2FY12
Aditya Aluminium Project	Q3FY12
Aditya Refinery Project	Q1FY14
Jharkhand Aluminium Project	Q1FY14

Further to the above, the smelting capacity at Hirakud is intended to be expanded from the proposed 213 KTPA to 360 KTPA with corresponding increase in back-up captive power from proposed 467.5 MW to 967.5 MW. The Company undertakes to appropriately finance the project.

To debottleneck and increase capacity, primarily in South America and Asia, Novelis has increased its capital expenditure plan by approximately USD 150 Million or 148 per cent for fiscal 2011 compared to the previous year. A significant amount is aimed at expanding its rolling operations in Brazil. This investment will increase capacity by over 50 per cent and better support the increasing demand for flat rolled products in the region. The expansion is expected to be completed by late 2012.

The details of the projects are covered in greater detail as the part of Management Discussion and Analysis section.

Finance

The Authorised Capital of the Company has increased from Rs. 200.00 crore to Rs. 215.00 crore by way of increase of 15,00,00,000 equity shares of Re. 1 each pursuant to a resolution passed at the Annual general meeting held on 18 September, 2009.

Upon allotment of 213,147,391 equity shares of Re 1 each at a premium of Rs 129.90 through Qualified Institutions Placement (QIP) on 1st December, 2009, paid-up capital of the Company has increased by Rs. 21.31 crore. The total amount received against QIP is Rs. 2,790.10 crore. Out of this amount Rs. 396 crore has been spent for various ongoing projects (including issue related expenses) till 31st March, 2010 and the balance amount has been invested temporarily in mutual funds.

Consolidated Financial Statements

In accordance with Accounting Standards AS-21 on Consolidated Financial Statements read with Accounting Standard 23 on Accounting for investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forming part of Directors' Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), forms part of Annual Report. The report provides strategic direction and a more detailed analysis on the performance of individual businesses and their outlook.

Corporate Governance

Your Directors reaffirm their commitment to the corporate governance standards as prescribed by The Securities and Exchange Board of India (SEBI). A separate section on Corporate

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Governance together with a certificate from the Auditors of the Company regarding full compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of Annual Report.

Directors' Responsibility Statement

Your Directors affirm that the audited accounts containing financial statements for the financial year 2009-10 are in full conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These statements were audited by the statutory auditors of the Company, M/s. Singhi & Co., Chartered Accountants.

Your Directors further confirm that:

1) In the presentation of the Annual Accounts, applicable Accounting Standards have been followed. However, the deviation from the Accounting Standard has been caried out with reference to the Scheme of arrangement, approved by the court for the purpose of preparing Consolidated Financial Statements. Refer Notes on Accounts for details of the same.
2) That the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.
3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4) The Directors have prepared the Annual Accounts on a going-concern basis.

 Your Company's Internal Auditors have conducted periodic audits to provide reasonable assurance that established policies and procedures have been followed.

Subsidiaries/ Joint Venture

A wholly-owned subsidiary by the name Mauda Energy Limited has been incorporated on 5th October 2009 for generation of power to be used captively.

In terms of the facility agreement for foreign currency borrowing of US$ 981.80 Million availed by A V Minerals (Netherlands) B.V., a wholly owned subsidiary, the Company has entered into a deed of pledge of registered shares in A V Minerals (Netherlands) B.V. in favour of HSBC Bank USA, N.A. as pledgee.

Novelis

Shipments of aluminium rolled products totalled 2,708 kilotonne for fiscal 2010, a decrease of two percent compared to shipments of 2,770 kilotonne in the previous year, driven by softer end-market conditions in most of the regions during the first half of the year.

Net sales for fiscal 2010 were USD 8.7 Billion; a decrease of 15 per cent compared to the USD 10.2 Billion reported in the same period a year ago, a result of lower aluminium prices and softness in the Company's end-markets in the first half of the year.

Adjusted EBITDA for the year was a record USD 754 Million, representing a 55 per cent increase from adjusted EBITDA of USD 486 Million posted for the same period a year ago. These record operating results were primarily due to the Company's focus on cost reductions and restructuring initiatives.

Aditya Birla Minerals

Aditya Birla Minerals Limited, the Australian subsidiary, reported profit after tax of AUD 61.4 Million as against a loss of AUD 76.0 Million in the previous year. Sustained cost management resulted in turnaround in financial performance. Lower production was mainly due to loss of production of copper in concentrate at Mt. Gordon and cathode production at Nifty oxide operations which were put under care and maintenance as a management decision. The drop in overall production was partly off-set by 13.8% increase in Nifty's production of copper in concentrate.

	FY10	FY09
Copper Production (MT)	57,093	70,111
EBIT (AUD '000)	93,259	(103,605)
PAT (AUD '000)	61,440	(76,019)

The performance of the subsidiaries is covered elsewhere in this Annual Report.

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Your Company has applied to the Central Government for grant of an exemption to your Company under Section 212(8) of the Companies Act, 1956, from attaching a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors to all the Subsidiary Companies. Subject to receipt of the approval, aforesaid documents are not being attached with the financial statements of your Company. These documents can be requested by any member, investor of the company / subsidiary company. Further, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

Employee Stock Option Scheme

The shareholders of the Company has approved an Employee Stock Option Scheme ("ESOS 2006"), formulated by the Company, under which the Company may issue 3,475,000 options to its permanent employees in the management cadre, in one or more tranches, whether working in India or out of India, including the Whole Time Directors of the Company. Each option when exercised would be converted into one fully paid-up equity share of Re. 1/- each of the Company. The ESOS 2006 is administered by the Compensation Committee of the Board of Directors of the Company ("the Committee"). Under the ESOS 2006, the Committee has granted 2,973,390 options to its eligible employees in two tranches. Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999 is given in Annexure –A.

Particulars as per Section 217 of the Companies Act, 1956

The information relating to the conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 217 (1)(e) of the Companies Act, 1956, is set out in a separate statement attached to this report (Annexure B).

In accordance with the provisions of sections 217 (2A), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the directors' report, as an addendum thereto. However, as per the provisions of Section 219 (1) (b)(iv) of the Companies Act, 1956, the report and accounts, as therein set out, are being sent to all members of the company excluding the aforesaid information about employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the company.

Fixed Deposits

Your Company was accepting Fixed Deposits from the Employees. Acceptance of such fixed deposits has been discontinued from FY 2009-10. The total outstanding deposits are Rs. 0.33 crore as at 31st March, 2010.

Directors

In accordance with Article 146 of the Articles of Association of the Company, Mr. Kumar Mangalam Birla, Mr. E.B. Desai and Mr. A.K. Agarwala retire from office by rotation, and being eligible, offer themselves for reappointment.

Awards & Recognitions

Several accolades have been conferred upon your Company, in recognition of its contribution in diverse fields. A selective list:

1. Renukoot unit was awarded the Greentech Safety Gold Award 2009 for Occupational Health and Safety Management and the Greentech Environment Gold Award 2009 for environmental excellence, in the Mining and Metal Sector, presented by Greentech Foundation, New Delhi.
2. Renukoot unit was awarded the prestigious "Golden Peacock National Quality Award – 2010".
3. Amity International Business School conferred on Renukoot unit the "Amity Corporate Excellence Award" for its notable initiatives in Corporate Social Responsibility.
4. Institute of Engineers (India) awarded Renukoot unit with the "Safety Innovation Award-2009" in the metals sector for its exemplary initiatives in Occupational Health and Safety.
5. Renusagar Power Division was awarded the "Golden Peacock Environment Management Award 2009".
6. Renusagar Power Division received the "Rajiv Gandhi National Quality Award 2008,'' Commendation Certificate presented by the Bureau of Indian Standard (BIS).



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7. Renusagar Power Unit was awarded the "Greentech Environment Excellence Gold Award 2009," in Thermal Power Plant Category, by Greentech Foundation, New Delhi.
8. CII has conferred the "Energy Efficient Unit" award to Renusagar Power Division during the "10th National Awards for Excellence in Energy Management-2009".
9. Hirakud Smelter unit was awarded the National Energy Conservation Award 2009, ranking first in the Aluminium Sector.
10. Hirakud Smelter unit awarded the Greentech Safety Silver Award 2009 for Occupational Health and Safety Management presented by GreenTech Foundation, New Delhi.
11. Hirakud Power Unit was globally recognised as one of the top six power plants for its environment friendly operations by the POWER Magazine.
12. Hirakud Power Unit was awarded the Greentech Environment Gold Award 2009 for best environment management and practices, and the Greentech Safety Silver Award 2009, by Greentech Foundation, New Delhi.
13. Your Company's Mines earned awards in Environment, Safety, Mining Practices during the Mines Safety Week and Mineral Conservation Week programmes at regional levels.
14. Birla Copper Dahej was awarded the Greentech Environment Gold Award for its exemplary environmental practices and performance and the Greentech Safety Silver Award, presented by Greentech Foundation, New Delhi.

Environment Protection and Pollution Control

Your Company is committed to sustainable development. Your Company is a signatory to the Global Compact and subscribes to the principle of triple-bottom line accountability.

A separate chapter in this report deals at length with your Company's initiatives and commitment to environment conservation.

Auditors

The observations made in the Auditors' Report are self-explanatory and do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

M/s. Singhi & Company, Chartered Accountants and Auditors of the Company, retire, and being eligible, offer themselves for appointment.

Human Resource Development

Your Company continuously strives to foster a culture of high performance. Your Management has infused a lot of rigor and intensity in its people development processes and in honing skill sets. Its HR processes are absolutely aligned to organizational goals. The implementation of People Soft HRMS (Human Resource Management System), the variable pay plan and job bands have been institutionalized.

Ongoing learning, refreshing HR systems in line with global benchmarks, aligning rewards and recognition with performance, have enabled your Company sustain its reputation of a meritocratic organization. The Group's Corporate Human Resources function has played and continues to play an integral role in your Company's Talent Management Processes.

Appreciation

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Honorable Ministers, Secretaries and other officials of the Ministry of Mines, Ministry of Coal, the Ministry of Chemicals and Fertilizers and various State Governments. Your Directors thank the Financial Institutions and Banks associated with your Company for their support as well.

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged.

Your involvement as Shareholders is greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Mumbai
Dated the 4th Day of June, 2010

Chairman

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ANNEXURE 'A' TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999

	Nature of Disclosure	Particulars
a)	Options Granted	2,973,390
b)	The pricing Formula	Tranche I The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant and discounting it by 30%. (Exercise price- Rs. 98.30 per option). Tranche -II The exercise price was the closing market price, prior to the date of grant. (Exercise price - Rs. 150.10 per option).
c)	Options vested/Exercisable as at 31st March 2010	958,270
d)	Options Exercised during the year	44,244
e)	The total number of shares arising as a result of exercise of options	44,244
f)	Options Lapsed	Nil
g)	Variation in terms of options	Nil
h)	Money realised on exercise of options	Rs. 4,349,185
i)	Total number of options in force	2,028,555
j)	Employee-wise details of options granted:	
	i) Senior Managerial Personnel:	Mr. D. Bhattacharya – 9,70,100
	ii) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year	Nil
	iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k)	Diluted Earnings per share	NA
l)	Difference between the employee compensation cost computed using intrinsic value of the stock options, and the employee compensation cost that shall have been recognised, if the fair value of the options was used.	Rs. 1.84 crore

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ANNEXURE 'A' TO THE DIRECTORS' REPORT (Contd.)

<table>
<tr><td></td><td>The impact of this difference on profits and on EPS of the company</td><td>The effect of adopting the fair value on the net income and earnings per share for 2009-10 is as presented below
<table>
<tr><td>Particulars</td><td>Rs. In Crore</td></tr>
<tr><td>Particulars</td><td>2009-10</td></tr>
<tr><td>Net Profit as Reported</td><td>1,915.63</td></tr>
<tr><td>Less: Dividend on Preference Shares (including Tax)</td><td>0.00</td></tr>
<tr><td>Net Profit attributable to Equity Shareholders</td><td>1,915.63</td></tr>
<tr><td>Add: Compensation cost under ESOS as per intrinsic value included in the Net Profit</td><td>1.00</td></tr>
<tr><td>Less: Compensation cost under ESOS as per fair value</td><td>-2.84</td></tr>
<tr><td>Proforma Net Profit</td><td>1,913.79</td></tr>
<tr><td>Less: Tax adjustment for earlier years</td><td>-113.17</td></tr>
<tr><td>Proforma Net Profit before Tax adjustment for earlier years</td><td>1,800.62</td></tr>
<tr><td>Weighted average number of Basic Equity Shares outstanding</td><td>1,770,939,077</td></tr>
<tr><td>Weighted average number of Diluted Equity Shares outstanding</td><td>1,771,286,354</td></tr>
<tr><td>Face value of Equity Shares (in Re.)</td><td>1</td></tr>
<tr><td>Reported Earning per Share (EPS):</td><td></td></tr>
<tr><td>Basic EPS (in Rs.)</td><td>10.82</td></tr>
<tr><td>Diluted EPS (in Rs.)</td><td>10.81</td></tr>
<tr><td>Basic EPS before Tax adjustment for earlier years (in Rs.)</td><td>10.18</td></tr>
<tr><td>Diluted EPS before Tax adjustment for earlier years (in Rs.)</td><td>10.18</td></tr>
<tr><td>Proforma Earning per Share (EPS):</td><td></td></tr>
<tr><td>Basic EPS (in Rs.)</td><td>10.81</td></tr>
<tr><td>Diluted EPS (in Rs.)</td><td>10.80</td></tr>
<tr><td>Basic EPS before Tax adjustment for earlier years (in Rs.)</td><td>10.17</td></tr>
<tr><td>Diluted EPS before Tax adjustment for earlier years (in Rs.)</td><td>10.17</td></tr>
</table></td></tr>
<tr><td>m)</td><td>i) Weighted-average exercise prices and weighted average fair values of options whose exercise price equals the market price of the stock
ii) Weighted-average exercise prices and weighted average fair values of options whose exercise price is less than the market price of the stock
iii) Weighted-average exercise prices and weighted average fair values of options whose exercise price exceeds the market price of the stock</td><td>Options granted under Tranche II
Weighted average exercise price (Rs.) 150.10
Weighted average fair value (Rs.): 57.11

Options granted under Tranche -I
Weighted average exercise price (Rs.) 98.30
Weighted average fair value (Rs.): 65.78</td></tr>
<tr><td>n)</td><td>A description of method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:
i) Risk free Interest rate (%)
ii) Expected life (No. of Years)
iii) Expected volatility (%)

iv) Dividend yield (%)
v) The price of the underlying shares in the market at the time of option grant</td><td>

8
5
Tranche I 34%
Tranche -II 37%
170
Tranche I Rs. 138.95
Tranche -II Rs. 150.10</td></tr>
</table>

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ANNEXURE 'B' TO THE DIRECTORS' REPORT

[Statement of particulars under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988]

A. CONSERVATION OF ENERGY

Energy plays a key role in achieving the goals of sustainable development. Increasing access to energy and enhanced energy efficiency is important for our development. Our own policy of appreciating the importance of Energy Conservation for sustainable development is by way of promotion of energy efficiency. In an unending endeavor & strong commitment to improve the Energy efficiency and capacity utilization, we are continuously working towards reduction in cost of production. The Company has a well-defined Energy Policy, which is meticulously adhered to across all the establishments of the company in the country. Every unit of your Company has trained professionals to implement this policy. The Company has a well-defined Energy Management Organization structure, with a Bottom Up & Top Down approach. It acts as a catalyst towards its continuous journey for excellence in energy conservation. Involvement of all employees right from workmen level to the top executive is ensured through walk through & detailed energy audits, quality circles, WCM committees and suggestion scheme. To inculcate awareness on the importance of Energy conservation, Your Company as corporate entity, focuses not only on employees of company but also the society.

The Company has a dedicated & well established Energy Cell having prime objective of minimizing energy consumption, putting consistent efforts for optimizing operating process parameters and modernizing / upgrading technology for increasing energy efficiency throughout the organization. Employees are encouraged to give suggestions and get involved in Energy Conservation initiatives & suggestions with significant merit are suitably rewarded under the well established reward & recognition system.

Company's efforts in Energy Conservation have been consistently recognized over the years by the competent authorities. Hirakud unit of your Company's Aluminium business have been recently awarded the "Top Rank Award" in the "National Awards for Energy Conservation" instituted by the Ministry of Power, Government of India for the year 2009.

a. ENERGY CONSERVATION MEASURES TAKEN

GENERAL MEASURES

i. Optimization of colony power voltage to save power.
ii. Rationalization of luminary's wattage.
iii. Modification in lighting circuit for ON/OFF control of lights.
iv. Interlocking of Cooling Towers fan motor through temperature switch.
v. Conversion of connection from delta to star for under loaded motors.
vi. Installation of capacitor banks to improve power factor.
vii. Installation of small PLC logo in office AC system to avoid idle running.
viii. Motor HP rationalization.
ix. Installation of transparent sheets in roof to utilize the natural light.
x. Interlocking of auxiliary equipments with main equipment.
xi. Regular monitoring and cleaning of waste heat recovery system.
xii. Regular walkthrough audit of Steam and compressed air lines to avoid the losses.
xiii. Regular monitoring and benchmarking of Energy Intensive equipment.
xiv. Optimization of transformer loading.
xv. Optimization of AC unit running time as well as temp setting.
xvi. Energy audit from external agencies.
xvii. Installation of efficient luminaries.
xviii. Optimum utilization of Energy through process redesigning as well as employment of equipment that offers improved energy efficiency.
xix. Installation of door limit switches in MCC rooms.

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1. **ALUMINA PLANT:**
 - i. Installation of VFD for PD Overflow re-circulation pump # 1.
 - ii. Energy efficient double digestion technology in place of high temperature Digestion technology.
 - iii. Installation of DSM screen to increase output of Ball mill # 4 & 8 thus reducing the specific power consumption.
 - iv. Installation of energy efficient falling film evaporation unit # 4.
 - v. Introduction of additive in acid cleaning of liquor heaters to improve heat transfer co-efficient.
 - vi. Provision of additional chemical cleaning facilities for parallel cleaning of slurry heaters of digestion I & II units.
 - vii. Upgradation of Liquor-A & T-6 mud washers underflow pipelines together with replacement of Motors and incorporation of VFD.
 - viii. Installation of temperature switches in cooling towers to optimize the fan running hours.
 - ix. Modified the impeller of ISC cold well pump and use lower HP hot well pump to meet out the reduced flow requirement during winter.
 - x. Re-routing of DS tank slurry transfer line to eliminate the use of transfer pump.
 - xi. Modification in lighting circuits of different areas to optimize the lighting load and ON time.
2. **SMELTER:**
 - i. Optimization of DSS fan flow to reduce specific power consumption.
 - ii. Installation of VFD operated screw compressor.
 - iii. Installation of Harmonic filter at Rectifier station #2.
 - iv. Welding of Anode bus bar and riser bus bar bolted joints for reduction in DC voltage drops.
 - v. Modification in discharge circuits of air slides fans to optimize of running number of fans.
 - vi. Optimization of lifting height of primary air lifts of Pot line # 9 to 11 DSS to save power.
 - vii. Optimization of compressed air header pressure of point feeder & DSS line to save power.
 - viii. Modification in suction line of reciprocating compressors to increase its efficiency.
 - ix. Installation of VFD for ventilation fans of Pot line # 7 to 11.
 - x. Minimizing the load of the equipment by modifying the control philosophy in PLC in Pot line 9 to 11 Air lift blower.
 - xi. Better utilization of Induction furnace to save power.
 - xii. Modification in ducting system of Paste Plant Bag houses to optimize the loading.
 - xiii. Reduced pot voltage through process optimization to reduce specific energy consumption of smelter.
 - xiv. Modification in water circuit of AC System of Rectifier Plant # 2 control room to stop the running of water pump.
 - xv. Commissioning of one 90 MVA high energy efficient transformer in place of old low efficiency transformer.
 - xvi. Better utilization of 132 KV standby higher efficient Rectifier for feeding the load of Pot line # 3.
 - xvii. Switching off cooling fan of Pot line # 1 Rectifier Unit as and when required.
 - xviii. Reduction in yoke to carbon drops of anode.
3. **FABRICATION PLANT:**
 - i. Revamping of one Properzi Furnace to improve its efficiency.
 - ii. Installation of off delay timer in hydraulic pump motors of blue cut Star CTL and Caster Unit to avoid the idle running.
 - iii. Interlocking of LNP motor to avoid idle running.
 - iv. Reduction in running time of cooling fan motors of Extrusion Press # 3, 5 & 6.

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v. Automatic switching off of 90 TR AC compressor unit based on temperature.
vi. Optimization of Homogenizing of AA 3003 DDQ cycles to save energy.
vii. Optimization of Annealing practices to reduce power consumption.
viii. Installation of VFDs in Casting Plant, Extrusion Press and Rolling Mill Coolant filter.
ix. Reduction in number cold rolling passes through modification in AA 3105 coils.
x. Elimination of one stress relieving cycle by process modification in AA 5052 rolled coils.
xi. Clubbing of process to increase the productivity of furnaces.
xii. Optimization of partial annealing cycles to reduce the cycle time.
xiii. Conversion of H32 temper into H22 temper to save energy.
xiv. Re – insulation of Pre heater of Furnace # 2 & 3.

4. POWER PLANTS / CO-GENERATIONS:

i. Installation of VFD in FD Fans of Boiler # 3 of Co-Generation unit and AC Unit # 2.
ii. Reduction in Boiler # 3 Feed pump rotor stage to reduce auxiliary power consumption of Co-Generation unit.
iii. Fuel substitution from HSD to FO in Boilers to reduce cost of Co-Generation Unit and Captive Power Plant.
iv. Trimming of CW pump impeller of TG # 4, 6 & 7 to save auxiliary power at Captive Power Plant.
v. Installation of additional APH baskets in Spare Boiler of Captive Power plant to increase its efficiency.
vi. Operation of single FD Fan instead of two in 9 Boilers of Captive Power Plant to reduce auxiliary power.
vii. Modification in LDAD system for ash slurry discharging at lower elevation resulted stoppage of 350 kW Pump.
viii. Increase in chilled water temperature of administrative building air conditioner of Captive Power Plant to reduce power consumption.
ix. Modification Raw water header of CHP area & ESP area to eliminate pump running.
x. Conversion of connection from delta to star in coal feeder motors of Captive Power.
xi. Stage removal of recovery water pump impeller at Bichhari.
xii. Installation of SS liner in Boiler # 4 bunker at Captive Power Plant to avoid coal flow interruption.
xiii. Installation of Fluid Coupling in Boiler feed Pump-A of Unit # 1.

5. FOIL DIVISION:

i. Optimization of the frequency of VFD at Fume Exhaust fan at Mill M50.
ii. Modified and rerouted the power cable to shut off the 4 nos. of HT transformers to save its no load losses.
iii. Optimization of annealing practices to reduce power.

6. COPPER DIVISION:

i. Replacement of SA and PU fans of HT motor by LT Motor.
ii. Installation of variable frequency drive for Boiler-1,3 & 4 and PAP.
iii. Installation of MV Drive in PA fan HT motor in Boiler no. 3.
iv. VFD installation in combined cooling tower fan in Smelter-1.
v. Installation of HT capacitor bank to improve the power factor.
vi. Replacement of conventional light with CFL.

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b. ADDITIONAL INVESTMENT AND PROPOSALS BEING IMPLEMENTED

1. ALUMINA PLANT:

i. Installation of VAM unit utilizing waste heat stream of Calciner fluxo cooler.
ii. Up-gradation of ISC cooling tower.
iii. Installation of energy efficient pumps in place of Old inefficient pumps and VFDs in 13 B Evaporators.
iv. Installation of additional heater in Evaporation # 1 to increase availability for effective cooling cleaning.
v. Installation of VFD for Evaporation Unit # 3 feed pump, PT feed area slurry disposal pump & PD overflow re-circulation pump # 2.
vi. Installation of voltage regulating transformer in lighting circuit.
vii. Installation of level control switches in sump pits to avoid idle running sump pumps.
viii. Installation of door limit switches in lighting circuit of control rooms.
ix. Bokela modification on drum filter no.- 2.
x. Revamping of IBSH with addition of 5th Set.
xi. Installation of VFDs in Primary, secondary Air fans, Rotary vane feeder, Air Slide Fan, compressor and Cooling tower.

2. SMELTER:

i. Arrangement of water showers at the roof of cooling chamber of Billet Casting.
ii. Replacement of Baking Furnace ID Fan with energy efficient fan.
iii. Modification in insulation of Metal transfer Cruce to reduce the heat loss.
iv. Improvement in Coefficient of Performance of Air Conditioners.
v. Installation of temperature sensor in Induction furnace.
vi. Replacements of chain drive system of conveyor # 21 of Rodding shop with gravity roller conveyor.
vii. Installation of thermostatic controller to optimize the running of cooling Tower fans.
viii. Installations of MV drive in DSS main Fan.
ix. Capacity enhancement of bath crushing plant.
x. Redesign of ID Fan impeller of Pot line # 7.
xi. Redesign of Bag houses of Pot line # 5 & 6.
xii. Provide pressure regulator in tapping air to reduce the compressed air consumption.
xiii. Modification in pulley ratio of alumina transfer system ID fan at TT -2.
xiv. Introduction of stepped cathode technology for reducing energy consumption in smelter.
xv. Replacement of reciprocating compressors by centrifugal compressors and inefficient Rectiformers & transformers.
xvi. Reduction in DC voltage drop in Cathode bar and Anode by using cast iron pouring and Yoke to carbon drop respectively.

3. FABRICATION PLANT:

i. Introduction of longer carbon chain additive to take higher reduction thereby reduction in number of cold rolling passes.
ii. Optimization of Homogenizing cycles to reduce energy consumption at Hot Mill.
iii. Installation of VFD in reciprocating compressor.
iv. Installation of photo switches to control the on time of Street lights.
v. Installation of small PLCs (Logo) to control the running of Office ACs.

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vi. Replacement of 24 nos inefficient motors with efficient motors of Hot Mill and Annealing Furnaces.
vii. Re – insulation of Annealing furnaces.
viii. To install VFDs in Soaking Pit # 4 and Rolling Mill auxiliary.
ix. To install re – generative burners in Remelting Furnace.
x. To replace inefficient AC with more efficient Air Conditioner.
xi. Replacement of convectional lighting with CFL.

4. POWER PLANTS / CO-GENERATION UNITS:

i. Modification in heat recovery system of Boiler # 1 & 3 of Co-Generation Unit to improve its efficiency.
ii. Removal of feed pump rotor stage of Boiler # 4 of Co-Generation unit to reduce auxiliary power consumption.
iii. Installation of VFD in FD Fans of Boiler # 3.
iv. Modification of Boiler Feed pumps to reduce auxiliary power consumption.
v. Heat recovery from Boiler # 3 flue gas.
vi. Installation of additional APH Basket in Boiler 5 to 8 & spare Boiler to improve Boiler efficiency.
vii. Up-gradation of Motor capacity of Boiler # 4 PA Fan at Co-Generation Unit to make system run on one Fan.
viii. Installation of coal dust extraction system to reduce the coal dust losses at Co-Generation Unit.
ix. Installation of additional APH baskets in Boiler # 5 to 8 of Captive Power plant to increase its efficiency.
x. Installation of additional economizer coil in Spare Boiler to increase its efficiency.
xi. Resizing of Boiler Feed pump impeller of TG # 1, 2 & 8 at Captive Power Plant to reduce the auxiliary power consumption.
xii. Installation of VFD in CEP of TG # 3 to 5 to reduce auxiliary power consumption at Captive Power Plant.
xiii. Installation of refrigerated air drier in series with existing heatless type instrument air driers in unit # 9 & 10 at Captive Power Plant.
xiv. Installation of VFD in two numbers of PA fan of one of the boilers in Unit 3 and cooling Tower # 2 & 3.

5. FOIL DIVISION:

i. Installation of one new pump in pump house for water supply system of the plant.
ii. To provide the infrastructure required for wheeling of power by installing and commissioning the CT, PT and ABT metering system of 0.2 class of accuracy.
iii. Installation of VFD s in Rolling Mill, Coater & Laminator.
iv. Replacement of old plant & street Lighting with Energy efficient lighting system.

6. COPPER DIVISION:

i. To install variable frequency drives in more Energy intensive equipments.
ii. Replacement of conventional light with CFL in the plant.
iii. Installation of Capacitor Bank for power factor improvement.

c. IMPACT OF MEASURES IN (a) AND (b) ABOVE

The various Energy Conservation Measures undertaken by your Company have yielded encouraging results in most production centers. Efforts continue to further optimize energy productivity through ongoing and planned measures.

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d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER TON OF PRODUCTION (As per Form "A" below)

FORM A

A. Power & Fuel Consumption	2009-10	2008-09
1 Electricity		
a) Purchased from SEB's		
Units (KWH in thousands)	278,214	261,155
Total Amount (Rs. in crores) (excluding Minimum Demand Charges)	122	110
Rate/Unit (Rs.)	4.39	4.20
b) Own Generation		
i) Through Steam Turbine/Generator		
Units (KWH in thousands)	9,722,615	9,221,098
Cost/Unit (Rs.) (Coal & Fuel only)	1.26	1.25
ii) Through Diesel Generator		
Units (KWH in thousands)	1,354	1,496
Cost/Unit (Rs.)	12.50	14.13
3 Adjusted out of Banked Energy		
Units (KWH in thousands)	31,295	36,631
2 Steam Coal (for Generation of Steam)		
Quantity (Tonnes)	9,730,854	9,176,204
Total Amount (Rs. in crores)	1,337	1,244
Average Rate (Rs.)	1,374	1,356
3 Furnace Oil (Fuel Oil,L.D.Oil,HSD Oil)		
Quantity (KL)	210,481	207,136
Total Amount (Rs. in crores)	470	517
Average Rate (Rs.)	22,310	24,953
4 Steam (Purchased)		
Quantity (Tonnes)	243,341	237,117
Total Amount (Rs. in crores)	5	5
Average Rate (Rs.)	207	204

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B. Consumption per Unit of Production (per MT)

		Unit	2009-10	2008-09
1	Aluminium Metal (including Alumina)			
	Electricity	kwh	15,871	15,870
	Furnace Oil	Litres	223	228
	Steam Coal	MT	1.528	1.477
2	Redraw Rods (including Alloy Rods)			
	Electricity	kwh	56	59
	Furnace Oil	Litres	22	26
3	Fabricated Products (Rolled & Extrusion)			
	Electricity	kwh	1,063	1,053
	Furnace Oil	Litres	57	50
4	Aluminium Foil			
	Electricity	kwh	1,368	1,029
5	Aluminium Wheel			
	Electricity	kwh	–	90
6	Copper Cathodes			
	Electricity	kwh	1,504	1573
	Furnace Oil	Litres	19	24
	Propane	Kg	0.01	3
	Naptha	Kg	7	34
	RLNG	SCM	69	43
7	Copper Rods			
	Electricity	kwh	62	54
	Propane	Kg	–	1
	RLNG	SCM	48	43
8	Di Ammonium Phopate (DAP/NPK)			
	Electricity	kwh	175	187
	Furnace Oil	Litres	2	6

Operation at Wheel Plant, Silvassa discontinued.

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ANNEXURE 'B' TO DIRECTORS' REPORT

TECHNOLOGY ABSORPTION

Efforts made in Technology Absorptions Form "B"

RESEARCH & DEVELOPMENT (R&D)

FORM B

A. ALUMINIUM BUSINESS

1. **Specific Areas in which R&D has been carried out**

- Development of High Grade Lithographic Sheet, High Pressure Gas Cylinder application, Composite Panel Stock material, Foil Stock Coils and Finstock.
- Development of indigenous hydrophilic coating for Fin-stock.
- Optimization of packing methods across foil business.
- Argon gas was used to see effect of materials in cast structures in order to avoid homogenizing process from production cycle.
- Casting practice was modified to suit production of High Strength - Low Cost aluminium specially for defence, ordinance and auto sector product segment.
- Study on recovery of precious metals from Red Mud was undertaken.
- Process development for the reduction of silica content from high-silica bauxite ores.
- Process development for the production of special grade alumina for catalyst application, Special refractory and ceramic grades.
- Process trials for with anti-scaling additives, coating for chimney, calciner exit duct and related high corrosion prone areas was carried out to improve process efficiency and elongation of service life.
- Efforts were made to create value from waste generated from plant operations and utilizing it in production chain to minimize cost of inputs for metal production.
- Material development work using special liner to improve slidability of alumina powder on each pots feedbox.
- Welding of cast iron grade valve bodies, pressure vessel of extrusion press was examined and tested for its soundness and health subsequent to repair.
- Vendor development and capability study was undertaken for procurement of Tension Leveler Rolls with indigenous source.
- Roll failure analysis study was undertaken in collaboration with external stress analysis service providers ANSYS, Roll Designers and Manufacturers.
- Heat balance studies on Baking furnace to reduce oil consumption.
- New Gauging system alongwith MG slitter with new Technology for better process control.

2. **Benefits derived as a result of the above R&D**

- Continued leadership in all product segments.
- Reduction in operational, energy and resource cost with focus on improving efficiency.
- Increased net running time / availability of production equipment.
- Exploratory identification of potential new businesses and improved customer satisfaction.
- Reduced dependency on imports.

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ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)

3. **Future plan of action**

- Exploring new aluminium markets and increasing penetration.
- Continue to identify non-value adding / processes and work for its replacement with value adding processes.
- Capturing new product specification and looking for its feasibility of its production in existing facility like foil for pharmaceutical application, high strength low cost aluminium, specialty aluminas and aluminium products.
- Development of anodes for improved electrical and mechanical properties.
- Development of lubricants and oil testing methods for casting operations.
- Roll bending and roll coolant system improvement for customer delight.

B. COPPER BUSINESS

1. **Specific areas in which R&D has been carried out**

- Improvement in uptime of Cu-1 WHB in smelter to reduce accretion formation and modification of slide gate dampers in Cu-1 converter.
- Installation and commissioning of new hammering & rapping system in Cu-1 Smelter and burner in AF launders of Cu-3 Smelter.
- Reduction in anode weight variation in Cu-3 plant.
- Recovery of Tellurium as Copper Telluride in Refinery.

2. **Benefits derived as a result of the above R&D**

- New product development.
- Improved plant operation performance, heat recovery, Operational reliability and anode quality.
- Reduction in Converter Blowtime.
- Better life of the water cooled launder and cost saving.

3. **Future Plan of action**

- Expansion of PMR plant.
- Production of Copper Telluride.
- Development of mineralogical model of Cu-1 Smelter with capability to predict the FSF performance with different blend.

Expenditure on R & D

(Rs. In Crores)

	2009-10	2008-09
a) Capital	2.35	0.86
b) Recurring	5.45	7.73
c) Total (a+b)	7.80	8.59
d) Total R & D Expenditure as % of Total Turnover	0.04%	0.04%

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ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)

Technology Absorption, Adaptation and Innovation

i) **Efforts in Brief:**

- Imported technologies have been fully absorbed and the plant operations are stabilized.

ii) **Benefits derived:**

- Improvement in plant production capacities.
- Reduction in overall energy consumption.
- Improvement in product quality and reduction in cost.
- New product development.
- Advancement of basic skill and knowledge.
- Reduction in specific consumption of power/utilities.
- Increased Plant availability/capacity.
- Excellent Environment performance.

iii) **Details of technology imported in the past 5 years:**

Technology Imported for	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reason thereof and future plan of action
ALUMINIUM			
Clad Sheet manufacturing	2006-07	Yes	NA
Improvement in quality and productivity of brazing sheet	2007-08	Yes	NA
High Pressure Double Digestion technology	2007-08	Yes	NA
COPPER			
Cryogenic air separation for Oxygen IV	2005-06	Yes	NA
Cryogenic air separation for Oxygen V	2006-07	Yes	NA
Molecular Recognition Technology for Bismuth Recovery	2008-09	Yes	NA
Continuous Cast Rod Plant-II from SouthWire, USA	2009-10	Yes	NA

C. **FOREIGN EXCHANGE EARNINGS & OUTGO**

a) **Activities related to Exports**

Exports during the year were Rs. 5,267.58 Crores.

b) **Total Foreign Exchange used and earned**

Foreign exchange used Rs. 12,213.67 Crores.

Foreign exchange earned Rs. 5,278.64 Crores.

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Auditor's Certificate on Corporate Governance

To the Members of Hindalco Industries Limited

We have examined the compliance of the conditions of Corporate Governance by Hindalco Industries Limited for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Camp : Mumbai
Dated : The 4th day of June 2010.

For SINGHI & Co.,
Chartered Accountants
Firm Registration No.302049E

(RAJIV SINGHI)
Partner
Membership No. 53518

1-B, Old Post Office Street,
Kolkata -700 001

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Persons constituting group coming within the definition of "group" for the purpose of Regulation 3 (1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following :

Shri Kumar Mangalam Birla

Smt. Rajashree Birla

Smt. Neerja Birla

Master Aryaman Vikram Birla

Birla Group Holdings Private Limited

BGH Exim Limited

Birla TMT Holdings Private Limited

Chaturbhuj Enterprises LLP

Essel Mining & Industries Limited

Global Holdings Private Limited

Gwalior Properties And Estates Private Limited

Heritage Housing Finance Limited

IGH Holdings Private Limited

Infocyber India Private Limited

Mangalam Services Limited

Naman Finance And Investment Private Limited

Rajratna Holdings Private Limited

Seshasayee Properties Private Limited

Siddhipriya Enterprises LLP

TGS Investment And Trade Private Limited

Trapti Trading And Investments Private Limited

Turquoise Investments And Finance Private Limited

Umang Commercial Company Limited

Vighnahara Enterprises LLP

Vaibhav Holdings Private Limited

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached balance sheet of **HINDALCO INDUSTRIES LIMITED** as at 31st March, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred above, we report that:

1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
2) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
3) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act,1956.
5) On the basis of the written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
6) Without qualifying our opinion, attention is drawn to the following :-

 As referred in Note no 20 of Schedule 19, the Company has partially adopted Accounting Standard (AS) 30 on Financial Instruments : Recognition and Measurement, in so far as it relates to derivative accounting, from 1st April, 2009. Accordingly, net loss arising on fair valuation of outstanding derivatives as on 1st April, 2009 amounting to Rs. 230.58 crores (net of deferred tax of Rs.118.73 crores) has been adjusted against general reserve following transitional provisions. Accounting for all derivatives from 1st April, 2009 have been done as prescribed under the AS. Accordingly, net gain / (loss) of Rs. (236.12) crores , Rs. 167.75 crores and Rs. 246.09 crores for the year ended 31st March, 2010 have been included under Sales and Raw Materials Consumed & Other Expenses (in Manufacturing and Other Expenses), respectively, with consequential impact on profit for the year ended 31st March,2010.

 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies in Schedule 19 and notes appearing thereon give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

 (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For SINGHI & CO.,
Chartered Accountants
Firm Registration No.302049E

RAJIV SINGHI
(Partner)
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

1-B, Old Post Office Street,
Kolkata-700 001

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I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) Fixed Assets have been physically verified by the management according to a phased program designated to cover all items over a period of three years which in our opinion is, reasonable having regard to size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets have been physically verified by the management during the year and no material discrepancies between book record and physical inventory has been noticed.

(c) No substantial part of fixed assets has been disposed of during the year, which has bearing on the going concern assumption.

II (a) Physical verification of inventory, (except stocks in transit and stocks lying with third parties, confirmation for which has been obtained) have been conducted at reasonable intervals during the year by the management/ outside agencies.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification.

III (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

IV On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business; for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed or reported in the internal controls.

V In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, particulars of which needs to be entered into register maintained under Section 301 of the Act. Accordingly, clause 4(v)(b) of the Order is not applicable.

VI The Directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there-under have been complied with in respect of deposits accepted from the public. We have been informed that, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal in this regard.

VII The Company has an internal audit system, which in our opinion is commensurate with the size and nature of the business.

VIII The Company has maintained proper cost records as prescribed by Central Government under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company but no detailed examination of such records has been carried out by us.

IX (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us no undisputed statutory dues as above were outstanding as at 31st March, 2010 for a period of more than 6 months from the date they became payable.

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(b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March 2010 are as under:

Name of the Statue	Nature of Dues	Amount (Rs in Crores)	Period to which the amount relates	Forum where the disputes are pending
Central Sales Tax Act and Local Sales Tax Act	Sales Tax	0.68	1986-1987, 1989-1990 to 1990- 1991, 1992-1993, 1995-1996 , 2001 - 2002 and 2003-2004	The High Court
		6.29	1998-1999 to 2000-2001, 2002-2003 to 2004-2005	Tribunal
		29.79	1991-1992, 1994-1995, 1996-1997 to 2007-2008	Asst Commissioner/ Commissioner/Revisionery Authorities Level
The Central Excise Act, 1944	Excise Duty	155.31	2000-2001 and 2001-2002	The Supreme Court
		22.86	1994 - 1995, 2000- 2001	The High Court
		23.28	1998 - 1999, to 2008- 2009	Tribunal
		2.51	1988-1989 1989-1990 and 1991-1992 to 2008-2009	Asst Commissioner/ Commissioner/Revisionery Authorities Level
The Service Tax under the Finance Act, 1994	Service Tax	17.88	1997- 1998 to 2000-2001 and 2004-2005 to 2008-2009	Tribunal
		6.02	2006-2007 and 2008-2009	Asst Commissioner/ Commissioner/Revisionery Authorities Level
The Custom Act , 1962	Customs Act	18.13	2004-2005 to 2006- 2007	Asst Commissioner/ Commissioner/Revisionery Authorities Level
Adhosanrachna Vikas Exam Parayavaran Upkar Adhiniyam, 2005	Chhattisgarh Development and Environment Cess	0.18	2008- 2009	The High Court
Shako Nagar Special Area Development Authority	Cess on Coal	5.16	1997 -1998	The High Court

X The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

XI The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.

XII According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other Securities.

XIII The Company is not a chit fund or a nidhi/mutual benefit fund/ society.

XIV The Company is not in the business of dealing or trading in shares. The Company has maintained proper records of transactions and contracts in respect of Shares, Securities, Debentures and other Investments and timely entries have been made therein. The Shares, Securities, Debentures and other Investments have been held by the Company, in its own name except to the extent of exemption, granted under Section 49 of the Companies Act, 1956.

XV In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given corporate guarantees for loans taken by its Subsidiaries and Joint Ventures from Banks and Financial Institutions (including foreign banks) are not prima facie prejudicial to the interest of the Company.

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XVI Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained though unutilized funds which were not required for immediate use for capital expenditure have been temporarily invested in mutual funds / bank deposit.

XVII According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet and Cash Flow Statement, we report that no funds raised on short term basis have been used for long term investment of the Company.

XVIII During the year under audit, the Company has not made any preferential allotment of Shares to parties and Companies covered under register maintained under Section 301 of the Companies Act 1956.

XIX During the year under audit, the Company has neither issued any debentures nor any debentures were outstanding at the year end.

XX The Company has not raised any money by Public Issues during the year. However, the Company has raised Rs. 2,790.10 crores through Qualified Institutions Placement ("QIP") by allotting 213,147,391 Equity Shares at a price of Rs. 130.90 per share and has disclosed the end use of money received from QIP in note no.16 (b) of Schedule 19 on notes on accounts and the same has been verified by us.

XXI During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

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For SINGHI & CO.,
Chartered Accountants
Firm Registration No.302049E

RAJIV SINGHI
(Partner)
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

1-B, Old Post Office Street,
Kolkata-700 001

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BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Crores)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	'1'	191.37	170.46
Employee Stock Options Outstanding		3.99	3.17
Reserves and Surplus	'2'	27,715.61	23,584.69
		27,910.97	**23,758.32**
LOAN FUNDS			
Secured Loans	'3'	5,153.90	5,713.23
Unsecured Loans	'4'	1,203.00	2,611.06
		6,356.90	**8,324.29**
DEFERRED TAX LIABILITY (NET)		1,366.44	1,410.67
	TOTAL	**35,634.31**	**33,493.28**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'5'	13,793.35	13,393.07
Less : Depreciation		5,840.00	5,241.65
Less : Impairment		218.53	264.45
Net Block		7,734.82	7,886.97
Capital Work-in-Progress		3,702.79	1,389.63
		11,437.61	**9,276.60**
INVESTMENTS	'6'	**21,480.83**	**19,148.84**
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	'7'	5,921.41	4,070.14
Sundry Debtors	'8'	1,311.87	1,201.22
Cash and Bank Balances	'9'	140.21	843.72
Other Current Assets	'10'	53.43	51.78
Loans and Advances	'11'	1,437.37	1,573.05
		8,864.29	**7,739.91**
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	'12'	5,426.93	1,868.91
Provisions	'13'	721.49	803.16
		6,148.42	**2,672.07**
NET CURRENT ASSETS		**2,715.87**	**5,067.84**
	TOTAL	**35,634.31**	**33,493.28**
Significant Accounting Policies and Notes on Accounts	'19'		

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Crores)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
INCOME			
Gross Sales and Operating Revenues	'14'	20,585.11	19,718.34
Less: Excise Duty		1,048.83	1,498.69
Net Sales and Operating Revenues		**19,536.28**	**18,219.65**
Other Income	'15'	259.85	636.65
		19,796.13	**18,856.30**
EXPENDITURE			
(Increase)/ Decrease in Stocks	'16'	(755.25)	520.58
Trade Purchases		71.99	113.04
Manufacturing and Other Expenses	'17'	17,269.62	14,550.16
Interest and Finance Charges	'18'	278.00	336.93
Depreciation		671.36	644.34
Impairment		(4.15)	0.93
		17,531.57	**16,165.98**
PROFIT BEFORE TAX		**2,264.56**	**2,690.32**
Provision for Current Tax		374.20	478.11
Provision for Deferred Tax		87.90	121.40
Provision for Fringe Benefit Tax		-	11.37
Tax adjustment for earlier years (Net)		(113.17)	(150.83)
NET PROFIT		**1,915.63**	**2,230.27**
Balance brought forward from Previous year		300.00	300.00
Transfer from Debenture Redemption Reserve		87.50	-
BALANCE AVAILABLE FOR APPROPRIATIONS		**2,303.13**	**2,530.27**
APPROPRIATIONS			
Debenture Redemption Reserve		-	5.00
Capital Redemption Reserve		-	0.41
Dividend on Preference Shares		-	0.02
Dividend Tax on Preference Shares		-	0.01
Proposed Dividend on Equity Shares		258.32	229.58
Tax on Proposed Dividend		42.90	39.02
Transfer to General Reserve		1,701.91	1,956.23
Balance Carried to Balance Sheet		300.00	300.00
		2,303.13	**2,530.27**
Earnings per Share (EPS):			
Basic EPS (in Rs.)		10.82	14.82
Diluted EPS (in Rs.)		10.81	14.82
Basic EPS before Tax adjustment for earlier years (in Rs.)		10.18	13.81
Diluted EPS before Tax adjustment for earlier years (in Rs.)		10.18	13.81

Significant Accounting Policies and Notes on Accounts '19'

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Crores)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	2,264.56	2,690.32
Adjustment for :		
Interest and Finance charges	278.00	336.93
Depreciation	671.36	644.34
Impairment	(4.15)	0.93
Unrealized Foreign Exchange (Gain) / Loss (Net)	(34.68)	170.05
Employee Stock Option	1.00	2.09
Provisions / (Provisions written-back) - Net	(29.47)	(51.83)
Loss / (gain) on Derivative transactions (Net)	26.60	-
Provision / (write back) for diminution in carrying cost of Investments (Net)	0.29	(8.66)
Investing Activities (Net)	(254.87)	(620.39)
Operating profit before working capital changes	2,918.64	3,163.78
Changes in working Capital:		
Change in Inventories	(1,851.27)	1,027.77
Change in Trade and other Receivables	(507.37)	379.35
Change in Trade Payables	1,549.68	(958.47)
Cash generation from Operation	2,109.68	3,612.43
Payment of Direct Taxes	(392.40)	(442.04)
Net Cash Generated/ (used) - Operating Activities	**1,717.28**	**3,170.39**
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(2,641.59)	(1,000.75)
Sale of Fixed Assets	22.36	33.90
Purchase / Sale of shares of Subsidiaries (Net)	(816.06)	(10,406.75)
Purchase / Sale of Investments (Net)	(1,501.49)	5,506.61
Loans / Repayment of Advances & Loans from Subsidiaries (Net)	540.44	(597.69)
Interest received	95.01	104.71
Dividend received	226.74	586.55
Net Cash Generated/ (used) - Investing Activities	**(4,074.59)**	**(5,773.42)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and warrants (net of expenses)	2,750.20	4,425.74
Redemption of Preference Shares	(0.41)	-
Proceeds / Repayment of Long Term Borrowings (net)	(793.59)	(403.46)
Proceeds / Repayment of Short Term Borrowings (net)	607.80	210.65
Interest and Finance Charges	(641.46)	(668.58)
Dividend paid (including Dividend Tax)	(268.57)	(265.52)
Net Cash Generated/ (used) - Financing Activities	**1,653.97**	**3,298.83**
Net Increase / (Decrease) in Cash and Cash Equivalents	**(703.34)**	**695.80**
Add : Opening Cash and Cash Equivalents	835.18	139.38
Closing Cash and Cash Equivalent	**131.84**	**835.18**

Notes:

1 Closing cash and cash equivalents represent 'Cash and Bank Balances' except Rs. 8.37 crore (previous year Rs.8.54 crore) lying in designated account with scheduled banks on account of unclaimed Dividend/Fractional coupons of Shares, which are not available for use by the Company.

2 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.

3 Figures for the previous year have been regrouped / rearrranged wherever found necessary.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

Camp: Mumbai
Dated: The 4th day of June, 2010

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(Rs. in Crores)

	Numbers 31st March, 2010	Numbers 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '1'				
SHARE CAPITAL				
Authorized:				
Equity Shares of Re.1/- each.	2,100,000,000	1,950,000,000	210.00	195.00
Redeemable Cumulative Preference Shares of Rs. 2/- each	25,000,000	25,000,000	5.00	5.00
			215.00	**200.00**
Issued:				
Equity Shares of Re.1/- each	1,914,727,460	1,701,535,825	191.47	170.15
6% Redeemable Cumulative Preference Shares of Rs. 2/- each	-	2,032,734	-	0.41
			191.47	**170.56**
Subscribed and Paid-up:				
Equity Share Capital				
Equity Shares of Re.1/- each fully paid-up	1,914,008,691	1,700,817,056	191.40	170.08
Less: Face value of Shares forfeited	546,249	546,249	0.05	0.05
			191.35	170.03
Add: Forfeited Shares Account (Amount Paid-up)			0.02	0.02
			191.37	**170.05**
Preference Share Capital				
6% Redeemable Cumulative Preference Shares of Rs. 2/- each	-	2,032,734	-	0.41
			191.37	**170.46**

Note:

1. **Subscribed and Paid-up Equity Share Capital include:**

 (i) 491,766,770 (Previous year 491,766,770) Equity Shares of Re. 1/- each fully paid-up allotted as fully paid-up Bonus Shares by Capitalisation of General Reserve and Capital Redemption Reserve.

 (ii) 6,000,000 (Previous year 6,000,000) Equity Shares of Re. 1/- each fully paid-up allotted pursuant to a contract for consideration other than cash.

 (iii) 187,678,350 (Previous year 187,678,350) Equity Shares of Re. 1/- each fully paid-up allotted to the share holders of erstwhile Indo Gulf Corporation Limited pursuant to the Scheme of Arrangement without payment being received in cash.

 (iv) 2,995,220 (Previous year 2,995,220) Equity Shares of Re. 1/- each fully paid-up allotted to the share holders of erstwhile Indian Aluminium Company, Limited pursuant to the Scheme of Arrangement without payment being received in cash.

 (v) 376 (Previous year 376) Equity Shares of Re. 1/- each fully paid-up allotted to the share holders of erstwhile Indian Aluminium Company, Limited pursuant to the Scheme of Amalgamation without payment being received in cash.

2. **Subscribed and Paid-up Preference Share Capital include:**

 (i) 2,032,734 6% Redeemable Cumulative Preference Shares of Rs. 2/- each fully paid-up allotted during last year to the share holders of erstwhile Indian Aluminium Company, Limited pursuant to the Scheme of Amalgamation without payment being received in cash has been redeemed on 1st April, 2009.

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(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '2'		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	139.54	0.44
Add: Transfer on forfeiture of Share Warrants	-	139.10
	139.54	**139.54**
Capital Redemption Reserve		
As per last Balance Sheet	101.57	101.16
Add: Created as per Scheme of Amalgamation	-	0.41
	101.57	**101.57**
Securities Premium Account		
As per last Balance Sheet	-	4,268.10
Add: Amount received on Rights Issue	-	4,501.03
Add: Amount received on QIP Issue	2,768.79	-
Add: Received on exercise of ESOP	0.61	3.14
	2,769.40	8,772.27
Less: Rights issue Expenses	-	124.90
Less: QIP Issue Expenses (net of deferred tax)	26.94	-
Less: Transferred to Business Reconstruction Reserve (refer Note No. 19 in Schedule '19')	-	8,647.37
	2,742.46	**-**
Business Reconstruction Reserve		
As per last Balance Sheet	8,580.39	-
Add: Transfer from Securities Premium Account	-	8,647.37
	8,580.39	8,647.37
Less: Adjusted during the year (refer Note No. 19 in Schedule '19')	-	66.98
	8,580.39	**8,580.39**
Debenture Redemption Reserve		
As per last Balance Sheet	87.50	82.50
Add: Created during the year	-	5.00
	87.50	87.50
Less: Transferred to Profit and Loss Account	87.50	-
	-	**87.50**
Hedging Reserve		
Gain/ (Loss) recognized during the year (Net)	(1.30)	-
Less: Gain/ (Loss) recycled during the year (Net) (refer Note No. 26 (i) (f) in Schedule '19')	(5.93)	-
	4.63	**-**
General Reserve		
As per last Balance Sheet	14,375.69	12,419.33
Add: On lapse of vested ESOP	-	0.13
Add: Transfer from Profit and Loss Account	1,701.91	1,956.23
	16,077.60	**14,375.69**
Less: Adjusted for Transitional Provision (refer Note No. 20 in Schedule '19')	230.58	-
	15,847.02	**14,375.69**
Profit and Loss Account Balance	**300.00**	**300.00**
	27,715.61	**23,584.69**
SCHEDULE '3'		
SECURED LOANS		
Debentures	-	350.00
Loans from Banks	5,153.90	5,363.22
Other Loans	-	0.01
	5,153.90	**5,713.23**
SCHEDULE '4'		
UNSECURED LOANS		
Fixed Deposits	0.33	1.13
Short Term Loans:		
From Banks	1,192.97	2,372.15
Other Loans:		
From Banks (Rs. Nil due within one year; Previous year Rs. 224.35 crores)	-	224.35
From Others	9.70	13.43
	1,203.00	**2,611.06**

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SCHEDULE '5'
FIXED ASSETS

(Rs. in Crores)

	ORIGINAL COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
	As at 31st March, 2009	Additions/ Adjustments	Deductions	As at 31st March, 2010	As at 31st March, 2009	Additions/ Adjustments	Deductions	As at 31st March, 2010	As at 31st March, 2009	Additions/ Adjustments	Deductions/ Reversal	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
A. Tangible Assets														
Mining Rights	34.02	2.28	-	36.30 (a)	15.64	1.16	-	16.80	-	-	-	-	19.50	18.38
Leasehold Land	42.53	-	-	42.53 (b)	4.84	0.54	-	5.38	-	-	-	-	37.15	37.69
Freehold Land	71.75	0.08	-	71.83 (c)	0.25	0.01	-	0.26	1.35	-	0.66	0.69	70.88	70.15
Buildings	1,173.04	60.69	10.20	1,223.53 (d)	262.25	32.14	2.19	292.20	21.36	-	8.87	12.49	918.84	889.43
Plant and Machinery	11,603.13	452.97	115.78	11,940.32 (e)	4,685.58	604.18	54.80	5,234.96	241.72	3.92	40.29	205.35	6,500.01	6,675.83
Vehicles and Aircraft	143.59	4.06	3.46	144.19	62.91	9.55	1.92	70.54	-	-	-	-	73.65	80.68
Furniture and Fittings	228.62	10.97	15.94	223.65	151.22	14.78	13.12	152.88	-	-	-	-	70.77	77.40
Railway Sidings	33.23	14.39	-	47.62 (f)	6.88	3.31	-	10.19	-	-	-	-	37.43	26.35
Live Stock	0.06	0.03	0.01	0.08	-	-	-	-	-	-	-	-	0.08	0.06
B. Intangible Assets														
Technological Licences	31.17	-	0.25	30.92 (h)	23.31	3.50	0.11	26.70	-	-	-	-	4.22	7.86
Computer Software	31.93	1.24	0.79	32.38 (h)	28.77	2.19	0.87	30.09	0.02	-	0.02	-	2.29	3.14
	13,393.07	546.71	146.43	13,793.35 (g)	5,241.65	671.36	73.01	5,840.00	264.45	3.92	49.84	218.53	7,734.82	7,886.97
Previous Year	12,608.46	851.59	66.98	13,393.07	4,636.81	644.34	39.50	5,241.65	162.32	104.30	2.17	264.45		
C. Capital Work-in-Progress													3,702.79	1,389.63
													11,437.61	9,276.60

Notes:

a. Mining Rights for 20 / 30 years lease written off proportionately.

b. Leasehold Land includes land amounting Rs. 20.73 crores (Previous year Rs. 20.73 crores) for which registration is pending. (Net Book Value Rs. 19.32 crores; Previous year Rs. 19.53 crores).

c. Freehold Land includes Rs. 0.30 crores (Previous year Rs. 0.30 crores) towards alternate land made available for acquiring right to use the forest land, ownership of which vests with the state government authorities. (Net Book Value Rs. 0.27 crores; Previous year Rs. 0.27 crores).

d. Buildings include:
 i). Rs. 2.93 crores (Previous year Rs. 2.93 crores) being contribution for construction of road, the ownership of which vests with the state government authorities. (Net Book Value Rs. 0.96 crores; Previous year Rs. 1.28 crores).
 ii). Rs. 16.36 crores (Previous year Rs. 16.36 crores) towards right to occupy and use of certain premises for which the Company has invested Rs. 13.18 crores (Previous year Rs. 13.18 crores) in Shares & Debentures of a company. (Net Book Value Rs. 13.96 crores; Previous year Rs. 14.22 crores).

e. Plant & Machinery include Rs. 60.54 crores (Previous year Rs. 60.54 crores) being the amount spent for laying power line and water pipe line, the ownership of which vests with the state government authorities. (Net Book Value Rs. 24.57 crores; Previous year Rs. 27.57 crores).

f. Railway Sidings include Rs. 9.14 crores (Previous year Rs. 9.14 crores) being assets not owned by the Company. (Net Book Value Rs. 7.56 crores; Previous year Rs. 8.18 crores).

g. Assets held under Co-ownership:
 i) Freehold Land - Rs. 52.45 crores (Previous year Rs. 52.45 crores). (Net Book Value Rs. 52.36 crores; Previous year Rs. 52.37 crores)
 ii) Buildings - Rs. 48.10 crores (Previous year Rs. 48.10 crores). (Net Book Value Rs. 41.27 crores; Previous year Rs. 41.97 crores)
 iii) Plant and Machinery - Rs. Nil (Previous year Rs. 4.19 crores). (Net Book Value Rs. Nil; Previous year Rs. 3.15 crores)
 iv) Vehicles and Aircraft - Rs. 60.76 crores (Previous year Rs. 30.66 crores). (Net Book Value Rs. 40.56 crores; Previous year Rs. 20.01 crores)
 v) Furniture and Fittings - Rs. 18.72 crores (Previous year Rs. 14.40 crores). (Net Book Value Rs. 9.22 crores; Previous year Rs. 8.00 crores)

h. The useful life of Technological Licences is considered 4 - 6 years and that of Computer Software is considered 2 - 3 years.

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(Rs. in Crores)

	Face Value (Rupees)	Total Nos.	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '6'				
INVESTMENTS				
A. LONG TERM INVESTMENTS				
1. UNQUOTED				
a. Trade				
i. **Shares in Subsidiary Companies - Fully paid-up**				
Equity Shares of Utkal Alumina International Limited	10	1,050,242,340	1,160.51	663.51
Equity Shares of Dahej Harbour & Infrastructure Limited	10	50,000,000	50.00	50.00
Common Shares of Birla Resources Pty Limited	-	650,000	1.79	1.79
Equity Shares of Minerals & Minerals Limited (including 606 Equity Shares held jointly with nominees)	10	50,000	0.17	0.17
Equity Shares of Hindalco-Almex Aerospace Limited	10	30,359,000	30.36	26.78
Common Shares of A V Minerals (Netherlands) B.V.	Euro 1,000	2,150,327	13,146.55	12,865.30
Equity Shares of Tubed Coal Mines Limited	10	2,970,000	2.97	1.77
Equity Shares of East Coast Bauxite Mining Company Private Limited	10	7,600	0.01	0.01
Equity Shares of Mauda Energy Limited (incorporated during the year; refer Note No. 18 in Schedule '19')	10	150,000	0.15	-
ii. **Shares in Subsidiary Company - Partly paid-up**				
Common Shares of A V Minerals (Netherlands) B.V.	Euro 1,000	51,749	98.83	67.79
iii. **Other Shares, Debentures and Bonds- Fully paid-up**				
Equity Shares of Mahan Coal Limited	10	5,375,000	5.38	4.38
Equity Shares of MNH Shakti Limited	10	3,765,000	3.77	0.02
Equity Shares of Hydromine Global Minerals GMBH Limited	USD 100	45	0.02	0.02
Equity Shares of Sanjana Cryogenic Limited	10	780,000	3.12	3.12
Equity Shares of Aditya Birla Science & Technology Company Limited	10	9,800,000	9.80	9.80
b. Other than Trade				
i. **Shares in Subsidiary Companies- Fully paid-up**				
Equity Shares of Renuka Investments & Finance Limited (including 10 Equity Shares held jointly with nominees)	10	9,250,000	9.25	9.25
15% Redeemable Cumulative Preference Shares of Renuka Investments & Finance Limited	100	150		
Equity Shares of Renukeshwar Investments & Finance Limited (including 10 Equity Shares held jointly with nominees)	10	4,795,000	4.80	4.80
15% Redeemable Cumulative Preference Shares of Renukeshwar Investments & Finance Limited	100	150		
Equity Shares of Indal Exports Limited	10	140,000	0.14	0.14
Equity Shares of Suvas Holdings Limited	10	2,024,700	2.03	0.19
Equity Shares of Lucknow Finance Company Limited	10	12,002,500	12.00	12.00
ii. **Other Shares, Debentures, Units and Bonds- Fully paid-up**				
Ordinary Shares of Birla International Limited	CHF 100	2,500	0.53	0.53
Equity Shares of Bharuch-Dahej Railway Company Limited	10	10,000,000	10.00	-
5.25% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited	100	2,500,000	25.00	25.00
7% Preference Shares of Birla Global Finance Company Limited	10	25,000,000	25.05	25.05
Non-Convertible Debentures of DSP Merrill Lynch Capital Limited (interest linked to Nifty index and due on maturity)			-	10.10
Carried over			14,602.23	13,781.52

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	Face Value (Rupees)	Total Nos.	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
SCHEDULE '6' (Cont'd....)				
INVESTMENTS (Cont'd....)				
Brought Forward			14,602.23	13,781.52
2. QUOTED				
a. Trade				
i. Shares in Subsidiary Companies- Fully paid-up				
Equity Shares of Aditya Birla Chemicals (India) Limited	10	12,004,987	12.45	12.45
Common Shares of Aditya Birla Minerals Limited	-	159,820,001	480.76	480.76
b. Other than Trade				
i. Government Securities				
6.83% Government of India Bond, 2039 (refer Note No. 15 in Schedule '19')			20.13	20.13
7.95% Fertilizer Companies GOI Special Bonds, 2026			10.26	10.26
6.65% Fertilizer Companies GOI Special Bonds, 2023			41.93	41.93
7.00% Fertilizer Companies GOI Special Bonds, 2022			60.79	60.79
6.20% Fertilizer Companies GOI Special Bonds, 2022			28.64	28.64
ii. Other Shares, Debentures, Units and Bonds- Fully paid-up				
Equity Shares of National Aluminium Company Limited	10	7,166,851	75.20	75.20
Equity Shares of Aditya Birla Nuvo Limited	10	8,650,412	127.11	127.11
Equity Shares of Grasim Industries Limited	10	2,299,059	85.04	85.04
Equity Shares of IDEA Cellular Limited	10	228,340,226	228.34	228.34
Units of Morgan Stanley Growth Fund - Growth Plan	10	2,000,000	2.00	2.00
7.25% Redeemable Taxable Non-Convertible bonds of HDFC Limited			-	49.24
6.85% Tax Free Unsecured Non-Convertible Bond of IIFCL	1,000,000	100	10.00	10.00
7.90% Corporation Bank Bonds	1,000,000	300	30.00	30.00
9.20 % HDFC Bank Bonds	1,000,000	349	35.87	35.87
			15,850.75	15,079.28
Less: Provision for Diminution in carrying cost of Investments			0.32	0.21
			15,850.43	**15,079.07**
B. CURRENT INVESTMENTS				
1. UNQUOTED				
a. Other than Trade				
i. Units of Mutual Funds				
Units of various schemes of Mutual Funds*		5,572,124,662	5,630.40	4,069.77
			21,480.83	**19,148.84**
Aggregate Book Value:				
Unquoted Investments			20,232.63	17,851.29
Quoted Investments			1,248.20	1,297.55
			21,480.83	**19,148.84**
Aggregate Market Value of Quoted Investments			**4,304.76**	**2,433.33**

* During the year the Company has purchased and sold 37,585,174,406 Units (Previous year 54,668,010,681 Units) of various schemes of Mutual Funds.

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(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '7'		
INVENTORIES		
Stores and Spare parts	263.46	260.21
Coal and Fuel	120.82	108.90
Raw Materials (including Rs. Nil offset hedging cost, Previous year Rs. 173.16 crores)	2,448.33	1,378.10
Work-in-Process	2,838.30	2,150.27
Finished Goods	228.96	161.74
Excise Duty on Stock	21.54	10.92
	5,921.41	**4,070.14**
SCHEDULE '8'		
SUNDRY DEBTORS		
(Unsecured unless otherwise stated)		
Exceeding six months:		
Considered Good (including Rs. 1.59 crores secured; Previous year Rs. 1.25 crores)	44.27	42.65
Considered Doubtful	36.50	20.46
Others:		
Considered Good (including Rs. 13.83 crores secured; Previous year Rs. 4.76 crores)	1,267.60	1,158.57
	1,348.37	**1,221.68**
Less: Provision for doubtful debts	36.50	20.46
	1,311.87	**1,201.22**
SCHEDULE '9'		
CASH AND BANK BALANCES		
Cash balance on hand	0.37	0.32
Cheques and Drafts in hand	25.95	53.69
Balance with Scheduled Banks:		
In Current Accounts	113.62	159.43
In Deposit Account	0.25	630.24
Balance with Others:		
In Current Accounts (with Municipal Co-operative Bank Limited, Mumbai, maximum balance at any time during the year Rs. 0.04 crores; Previous year Rs. 0.06 crores)	0.02	0.04
	140.21	**843.72**
SCHEDULE '10'		
OTHER CURRENT ASSETS		
Accrued Interest		
On Investments	3.20	3.94
On Inter Corporate Deposits and Deposit in Banks	-	1.62
On Others	4.80	4.72
Accrued Export and other Incentives	45.43	41.50
	53.43	**51.78**

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(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '11'		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received and/or to be adjusted (including doubtful of Rs. 5.21 crores, Previous year Rs. 4.28 crores)	729.70	699.44
Advance and Loans to Subsidiaries	70.58	611.02
Derivative Assets (refer Note No. 26 (i)(b) in Schedule '19')	135.03	-
Balance with Customs, Port Trusts, Excise etc.	435.26	190.89
Inter Corporate Deposits	32.35	37.25
Trident Trust (refer Note No. 11 (e) in Schedule '19')	34.45	34.45
	1,437.37	**1,573.05**
SCHEDULE '12'		
CURRENT LIABILITIES		
Acceptance	1,781.61	-
Sundry Creditors (including Rs. 1.05 crores to Micro, Small and Medium enterprises refer Note No. 38 (a) in Schedule '19'; Previous year Rs. Nil)	2,966.23	1,613.98
Subsidiary Companies	229.65	9.57
Customers' Credit Balances and Advances against orders	108.89	126.10
Derivative Liabilities (refer Note No. 26 (i)(b) in Schedule '19')	245.98	-
Investor Education and Protection Fund shall be credited by the following:		
Unpaid Dividends	7.14	6.95
Unpaid Application/Call Money due for refund	0.44	0.45
Unpaid Redemmed Preference Shares	0.08	-
Other Liabilities	80.09	77.36
Interest accrued but not due on Debentures, Loans and Deposits	6.82	34.50
	5,426.93	**1,868.91**
SCHEDULE '13'		
PROVISIONS		
Taxation (Net of Advance Tax)	161.01	292.37
Dividends	258.32	229.56
Tax on Dividends	42.90	39.02
Employee Benefits	241.51	224.46
Other Provisions (including Rs. 14.50 crores refer Note No. 3 (II) in Schedule '19')	17.75	17.75
	721.49	**803.16**

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	Tonnes 2009-10	Tonnes 2008-09	For the year ended 31st March, 2010	(Rs. in Crores) For the year ended 31st March, 2009
SCHEDULE '14'				
GROSS SALES AND OPERATING REVENUES				
A. Sales:				
Hydrate and Alumina (Standard Metallurgical & Specials)	241,095	238,350	585.79	612.38
Aluminium Ingots/Billets	222,652	238,908	2,024.71	2,555.95
Aluminium Rolled Products	184,494	149,345	2,280.63	2,154.30
Aluminium Extruded Products	38,994	35,668	551.05	561.55
Aluminium Redraw Rods	91,964	74,914	913.72	843.03
Aluminium Foils	16,962	22,234	363.11	492.41
Aluminium Wheels	Pcs. 10,088	Pcs. 144,368	1.14	30.34
Continuous Cast Copper Rods	146,164	146,323	4,703.01	4,241.66
Copper Cathodes	185,213	155,011	5,594.87	4,252.66
Sulphuric Acid	763,142	751,196	59.84	422.03
DAP & Complexes	176,474	175,308	327.72	812.38
Gold	9.482	4.492	1,385.12	562.62
Silver	45.325	35.978	92.04	72.81
Miscellaneous			525.27	438.85
Net Sales			**19,408.02**	**18,052.97**
Excise Duty			1,048.83	1,498.69
Gross Sales			**20,456.85**	**19,551.66**
B. Operating Revenues:				
Export and Other Incentives			59.58	89.74
Miscellaneous Receipts and Claims			68.68	76.94
			128.26	**166.68**
			20,585.11	**19,718.34**



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(Rs. in Crores)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE '15'		
OTHER INCOME		
Rent Received	3.30	3.72
Profit/(Loss) on Fixed Assets sold/ discarded (Net)	(1.22)	6.40
Income from Investments		
Income from Current Investments		
Dividend	127.38	336.78
Profit/(Loss) on sale of Investments (Net)	25.47	4.36
Changes in carrying amount of Investments (Net)	(0.18)	8.33
Income from Long Term Investments		
Interest *	17.60	14.34
Dividend (including Rs. 1.80 crores from Trade Subsidiary; Previous year Rs. 66.85 crores)	18.32	87.15
Profit/(Loss) on sale of Investments (Net)	2.27	81.40
(Diminution)/ write back in carrying cost of Investments (Net)	(0.11)	0.33
Interest on Inter Corporate Deposits and Deposit in Banks *	5.16	5.11
Interest from Others* (including Rs. 5.14 crores from Income Tax Department; Previous year Rs. 23.46 crores)	59.89	84.85
Miscellaneous Income	1.97	3.88
	259.85	**636.65**

* Tax deducted at source on Interest Rs. 3.77 crores (Previous year Rs. 7.98 crores).

SCHEDULE '16'		
(INCREASE)/DECREASE IN STOCKS		
Opening Stocks		
Work-in-Process	2,150.27	2,577.41
Finished Goods	172.66	283.20
	2,322.93	**2,860.61**
Less: Closing Stocks:		
Work-in-Process	2,838.30	2,150.27
Finished Goods	250.50	172.66
	3,088.80	**2,322.93**
	(765.87)	**537.68**
Less: Change in Excise Duty on Stock	(10.62)	17.10
	(755.25)	**520.58**

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	Tonnes 2009-10	Tonnes 2008-09	For the year ended 31st March, 2010	(Rs. in Crores) For the year ended 31st March, 2009
SCHEDULE '17'				
MANUFACTURING AND OTHER EXPENSES				
Raw Materials Consumed				
Copper Concentrate	1,176,075	1,097,474	11,405.57	8,203.80
Bauxite	1,360,126	1,232,665	189.23	171.58
Aluminium Fluoride	8,425	7,535	48.38	54.65
Caustic Soda	178,496	160,605	334.05	321.05
Calcined Petroleum Coke	156,872	150,903	253.50	370.74
Rock Phosphate	271,318	291,541	203.59	348.15
Ammonia	41,191	39,025	59.72	90.75
Pitch	37,759	37,559	92.62	101.76
Other Materials			639.02	668.61
Power and Fuel			1,938.00	1,897.57
Payments to and Provisions for Employees				
Salaries, Wages and Bonus			694.07	655.00
Contribution to Provident and other Funds			88.51	70.62
Employees Welfare			95.17	92.96
Other Expenses				
Consumption of Stores and Spare parts			369.11	359.75
Repairs to Buildings			33.96	33.64
Repairs to Machinery			200.32	190.20
Rates and Taxes			8.72	9.43
Rent			24.66	20.75
Insurance			33.85	36.31
Auditors' Remuneration			2.25	2.27
Research and Development			5.45	4.70
Discount on Sales			21.01	17.61
Commission on Sales			17.78	20.77
Freight and Forwarding (Net)			324.15	353.49
Doubtful Debts Provision/ (written back) (Net)			16.97	1.98
Bad Debts written off			0.40	0.63
Donation (including Rs. 12.55 crores to General Electoral Trust for political purposes; Previous year Rs. 1.00 crores)			46.43	28.87
Directors' Fees			0.05	0.06
Directors' Commission			14.00	7.50
(Gain)/Loss on Change in Fair Value of Derivatives (Net)			(246.09)	-
Provisions/ Liability no longer required written back (Net)			(44.43)	(47.72)
Miscellaneous			399.60	462.68
			17,269.62	**14,550.16**
SCHEDULE '18'				
INTEREST AND FINANCE CHARGES				
Interest on Debentures and other Fixed Loans			496.30	490.91
Interest on Others (including Rs. 16.87 crores to Income Tax Department; Previous year Rs. 0.88 crores)			97.73	118.68
Other Finance Charges			19.75	60.06
			613.78	**669.65**
Less: Interest Capitalized			335.78	332.72
			278.00	**336.93**

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SCHEDULE '19'

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 of India.

2. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

(a) Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

(b) Intangible Assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

(c) Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.

4. Depreciation and Amortization

(a) Depreciation on Tangible Fixed Assets has been provided using Straight Line Method at the rates and manner prescribed under Schedule XIV of Companies Act, 1956 of India.

(b) Mining Rights and leasehold land are amortized over the period of lease on straight line basis.

(c) Intangible assets are amortized over their estimated useful lives on straight line basis.

5. Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

6. Leases

Lease payments under an operating lease are recognized as expense in the statement of Profit & Loss Account as per terms of lease agreement.

7. Investments

(a) Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b) Current investments are stated at lower of cost and fair value.

8. Inventories

(a) Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

(b) Inventories of items other than those stated above are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(c) Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

9. Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.

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SCHEDULE '19' (Cont'd)

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Cont'd)

10. Employee benefits

Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end using the Projected unit credit method. Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

11. Employee Stock Option Scheme

In respect of stock option granted to employees pursuant to the Company's stock option schemes, accounting is done as per the intrinsic value method permitted by the SEBI guidelines, 1999 and the Guidance Note on Share Based Payment issued by the ICAI. The excess of market price of share as on date of grant of option over the exercise price is recognized as deferred employee compensation and is charged to Profit & Loss Account on straight line basis over the vesting period.

12. Revenue Recognition

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals can not be ascertained with reasonable certainty, are accounted on acceptance basis.

13. Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14. Taxation

Provision for current income tax is made in accordance with the Income tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

15. Derivative Financial Instruments

(a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the Company's products (Copper, Alumina, Aluminium and precious metals) are minimised by undertaking appropriate hedging transactions. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date.

(b) For derivative financial instruments designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedging Reserve and reclassified to 'Sales', 'Raw Materials Consumed' or 'Other Expenses' in the period in which the Profit & Loss Account is impacted by the hedged items or in the period when the hedge relationship no longer qualifies as cash flow hedge. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Profit & Loss Account.

(c) For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in 'Sales', 'Raw Materials Consumed' or 'Other Expenses' in the Profit & Loss Account till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Profit & Loss Account.

(d) If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Profit & Loss Account and included in 'Other Expenses'.

16. Research and Development

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

17. Government Grants

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

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SCHEDULE '19' (Cont'd)

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Cont'd)

18. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
1. Capital Commitments outstanding (Advance/Deposit paid Rs. 2,152.81 crores, previous year Rs.444.47 crores)	10,490.51	1,970.71
2. Uncalled Liability on shares partly paid up	235.12	211.24
3. **(I) Contingent Liabilities not provided for in respect of:**		
(a) Claims/Disputed liabilities not acknowledged as debt: Following demands are disputed by the Company and are not provided for:		
(i) Demand notice by Asstt. Collector Central Excise Mirzapur for excise duty on power generated by Company's captive power plant, Renusagar Power Company Limited (Since amalgamated). * Writ petition is pending with the Hon'able High Court of Delhi. Earlier demand raised was quashed by the Hon'able High Court of Delhi. The amount has been sequestered in the Aluminium Regulation account. According to the terms of settlement dated 05th December, 1983 between the Central Govt. and the Company, this amount will be reimbursed to the Company in the event the case is decided against the Company.	9.12	9.12
(ii) Demand of interest on past dues of the Aluminium Regulation account up to 31st December, 1987. * The demand is in dispute with Controller of Aluminium Regulation Account.	6.33	6.33
(iii) Retrospective Revision of Water Rates by UP Jal Vidyut Nigam Limited (April 1989 to June 1993 & Jan 2000 to Jan 2001). * Writ petition pending with Lucknow Bench of Hon'able High Court of Allahabad. The demand has been stayed vide order dated 11th May, 2001.	4.08	4.08
(iv) Transit fees levied by Divisional Forest officer, Renukoot, on Coal and Bauxite. * Appeal pending with the Hon'able High Court of Allahabad and payment of transit fee has been stayed. According to the legal opinion received by the Company, the Forest department has no authority to levy such fees.	74.21	57.43
(v) M.P Transit Fee on Coal demanded by Northern Coal Fields Limited. * Company had paid Rs.15.73 crores under protest towards MP transit Fee on Coal and filed Writ Petition before the Hon'ble Jabalpur High Court. The Hon'ble High Court has struck down the levy and also ordered for refund of the amount paid under protest. The State government has filed an appeal against the order of the Hon'ble High Court before the Hon'ble Supreme Court and the order of Hon'ble High Court has been stayed.	21.82	20.63
(vi) Imposition of Cess on Coal by Shaktinagar Special Area Development Authority. * Appeal is pending before the Hon'able High Court of Allahabad. Demand and levy has been stayed. According to legal opinion received by the Company, the state has no power to tax	5.16	4.32

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(Rs. in Crores)

		As at 31st March, 2010	As at 31st March, 2009
	the mineral since this field is covered under Mines and Minerals Development and Regulation Act.		
(vii)	Demand of Royalty on Vanadium by District Mining officer, Lohardaga. * Appeal is pending with the Hon'able High Court of Allahabad. The demand has been stayed on certain conditions.	8.44	8.44
(viii)	The demand of Excise Duty on gold. * Part of the demand was confirmed against which our ROM request is pending at CESTAT. Department's appeal is pending before the Hon'able Supreme Court for the part of the demand and penalty that was dropped.	155.31	155.31
(ix)	Demand for disallowances of depreciation claim and other claim on the leased assets by Lessor. * Matter is pending with Lessor.	18.02	18.02
(x)	Tax under MPGATSVA, 2005 @ 5% on basic price of coal w.e.f. 30th September, 2005 by M.P. State Government. *Writ petition has been filed before the Hon'able High Court of Madhya Pradesh at Jabalpur. Demand has been stayed.	48.19	41.03
(xi)	Demand raised on the assessment for entry tax with retrospective effect from the period 01st November, 1999 to till date. * Writ petition is pending before Hon'able High Court of Allahabad and demand has been stayed.	179.28	148.42
(xii)	Demand raised on assessment under CST Act and UP Sales Tax Act. * Appeals have been filed with Sales Tax Tribunal and JC Appeal for different years.	5.56	34.07
(xiii)	Revision of surface rent on land by Government of Jharkhand w.e.f. 16th June, 2005. * Matter is in dispute at Hon'able High Court of Jharkhand.	11.07	7.29
(xiv)	Demand made by Nayab Tehsildar Kusmi / Collector under Chattisgarh as per Adhosanrachna Vikas evam Parayavaran Upkar Adhiniyam, 2005 @ 5% as environment tax on royalty plus 5% as development tax. *The Writ petition which has been filed by the Company before Hon'able High Court of Chhattisgarh at Bilaspur, has been transferred to the Hon'able Supreme Court and tagged with other Civil Appeals.	2.71	2.26
(xv)	Service tax paid on Goods Transport Agency and Business Auxiliary Services. * Commissioner has confirmed the demand. Appeal is being filed at CESTAT New Delhi.	11.27	7.42
(xvi)	M.P Transit fee on Bauxite. * Writ petition pending with the Hon'able High Court at Jabalpur.	1.20	1.16
(xvii)	Demand for Entry Tax relating to valuation dispute of 2004-05 to 2005-06, for which appeals have been filed. * Appeal has been filed with Additional CCT, Sambalpur.	1.18	1.18
(xviii)	CST demand on reopening of assessments for 1999-00 to 2003-04. * Appeals have been filed.	8.81	8.81
(xix)	Demand on Interest on excess CENVAT Credit taken. *Appeal pending with CESTAT, Mumbai.	1.00	1.00

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(Rs. in Crores)

		As at 31st March, 2010	As at 31st March, 2009
(xx)	Disallowances of Sales Tax Forms for Sales Tax Assessment year 1997-98. *Appeal is pending with Joint Commissioner (Appeal), Vadodara, Gujarat.	-	1.21
(xxi)	Demand for Sales Tax u/s 15B for A.Y. 2001-02 & 2002-03. * Appeal is pending with J. C Appellate Authority, Baroda.	14.62	8.72
(xxii)	Demand for Stamp Duty on Imported Cargo. * Matter is pending with Hon'ble High Court, Ahmedabad.	-	27.72
(xxiii)	Service tax on insurance policy attributable to Renusagar. * Commissioner has confirmed the demand. Appeal is pending before the CESTAT, New Delhi.	2.86	2.11
(xxiv)	Demand of Interest on differential duty on account of final assessment of Bill of Entries. *The matter is pending with Commissioner of Customs, Appeal, Ahmedabad.	17.55	17.55
(xxv)	Disallowance of CENVAT credit. *The matter is pending with CESTAT, Ahmedabad.	5.29	5.29
(xxvi)	Demand for interest on claim with IFFCO, Kandla. * Matter is pending with arbitrator.	6.79	6.05
(xxvii)	Demand raised on assessment under CST Act and APGST Act for various years. * Appeals have been filed with appropriate authorities.	5.56	1.86
(xxviii)	Demand for Service Tax on Consulting Engineer Services and Scientific & Tech Service. * Appeal pending with Commissioner (Appeals), Ahmedabad.	3.84	3.84
(xxix)	Excise duty on Dross *Company has challenged the letter issued by Excise department to pay Excise duty on dross before Hon'ble Allahabad High court.	9.13	-
(xxx)	Claim for Plot Rent at Lohardaga Siding *Excess amount demanded by Railway authorities. Protest letter regarding excess demand has been given to railway authorities.	3.39	-
(xxxi)	Other Contingent Liabilities in respect of Excise, Customs, Sales Tax etc. each being for less than Rs.1 crore. * The demands are in dispute at various legal forums.	12.08	13.18
	Total	**653.87**	**623.85**
	*** indicating uncertainties**		
(b) (i)	Bills discounted with Banks	0.19	-
(ii)	Corporate Guarantees outstanding **(Rs. 7,446.04 crores (previous year Rs. 7,164.54 crores) given on behalf of subsidiary companies).	7,462.75	7,181.25
(c)	The Company has received supplementary bills on account of revision in rate of power for Main Supply from the UPSEB for the period 15th May, 1976 to 30th June, 1980 and the same remains un-provided for as disputed by the Company.	-	5.01
(d)	Customs duty on Capital Goods and Raw Materials imported under Advance Licence / EPCG Scheme, against which export obligation is to be fulfilled.	168.46	187.78

** Includes US$ 1.4 billion (Rs. 6,276.20 crores (previous year Rs. 7,133.00 crores)) given by the Company for due performance of facility agreement entered into by one of its wholly owned subsidiary Companies with the Bankers for availing loan of US$ 981.80 million for acquisition of Novelis Inc.

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(II) Provisions:

(Rs. in Crores)

Nature	Balance as at 1st April, 2009	Addition during the year	Utilisation during the year	Balance as at 31st March, 2010
Excise duty on electricity	5.47	-	-	5.47
Sales tax	1.84	-	-	1.84
Others	7.19	-	-	7.19
Total	**14.50**	**-**	**-**	**14.50**

(a) The provision for excise duty and sales tax are on account of legal matters, where the Company anticipates probable outflow. The amount of provision is estimated by the Company considering the facts and circumstances of each case for which cash flow will be determined on settlement of these matters.

(b) Provision for others is on account of dispute pertaining to non-supply of material to a customer.

(III) The Company has given undertakings to various Financial Institutions and Banks, as relevant, for:

(i) Non disposal of equity shares of Aditya Birla Chemicals (India) Limited till the Institutional Loans are repaid in full in addition to finance the cost over run, if any, in respect of an on-going project of the Company for which the loan has been taken.

(ii) Following Sponsors Undertakings have been given by the Company, along with Aditya Birla Nuvo Ltd, Grasim Industries Ltd. and Birla TMT Holdings Pvt. Ltd (the Sponsors), being promoters of IDEA Cellular Ltd.(IDEA).:-

(a) The Sponsors shall collectively continue to hold at least 33% of the equity capital of IDEA till the end of FY 2015-16 and shall not without prior written approval of the Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 33% of shareholdings in IDEA. Consequent upon the infusion of fresh equity capital of IDEA, if the Sponsors' stake gets diluted from 40% to 33% in the equity capital of IDEA, the Sponsors agree and undertake to obtain the prior consent of the Rupee Facility Agent and in other circumstances, the Sponsors agree and undertake to obtain the prior consent of the secured lenders representing 51% of the aggregate outstanding secured loans.

(b) The Sponsors shall collectively continue to hold 26% of the equity capital of IDEA after FY 2015-16 and shall not without the prior written approval of the Rupee Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 26% shareholdings in the capital of IDEA.

(c) Not without prior approval of the Facility Agent in writing divest shareholdings in the equity capital of IDEA that may result in a single investor along with its affiliates holding more than 25% of the equity capital of IDEA.

4. The Company has received a notice dated 24th March, 2007 from collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of Rs. 252.96 crores is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/ computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the collector (stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'able High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

5. Sales include own manufactured items capitalized / used Rs. 15.44 crores (previous year Rs. 26.96 crores) at cost (inclusive of excise duty).

6. Sale of Di-Ammonium Phosphate (DAP) and other complex fertilizers are covered under the concessional schemes for decontrolled fertilizers by the Government of India. The final subsidy has been announced for the period from April, 2009 to June, 2009. Pending declaration of final subsidy for the period July, 2009 to March, 2010, same has been accounted for at the lower of base subsidy declared by the Government of India or estimated subsidy calculated by the management based on the import parity of DAP.

7. (a) Purchase of copper concentrate is accounted for provisionally pending finalization of content in the concentrate, price, and custom duty including interest. Variations are accounted for in the year of settlement.

(b) Sale of Continuous Cast Copper Rod and Copper Cathode are accounted for provisionally pending finalization of price variations in the year of settlement.

(c) Final price payable on purchase of copper concentrate for which Quotational period, price and quantity was not finalized in previous year, were realigned based on monthly average of LME & LMBA rate at the year end copper and precious metals respectively and accordingly an additional provision for Rs. 161.93 crores (previous year Rs. 252.00 crores) was made. During the year final price payable was settled at Rs. 420.18 crores (previous year Rs. 235.47 crores) and additional liabilities of Rs. 258.25 crores (previous year additional credit of Rs. 16.54 crores) have been adjusted in raw material consumption. Further, additional provisions for Rs. 108.06 crores (previous year Rs. 161.93 crores) was made on realignment of such class of liabilities as on 31st March, 2010. Actual outflow is expected on finalization of quotational period price and quantity in the next financial year.

(d) Final price receivable from sale of Copper for which quotational price was not finalized in previous year, were realigned at year end rate based on LME Rate and additional provisional sales for Rs.0.08 crores (previous year Rs. 16.15 crores) were accounted for. During the year final price was settled at Rs. 8.05 crores (previous year Rs. 21.80 crores) and credit for further sales for Rs. 7.97 crores (previous year Rs. 5.64 crores) was taken into account. As on 31st March, 2010, sale of Copper, Gold, Silver & Anode Slime amounting to Rs. 553.12 crores (previous year Rs. 212.19 crores) pending for price finalization were realigned at year end rate of LME and an additional sales of Rs. 4.99 crores (previous year Rs. 0.08 crores) was accounted for. Actual inflow or outflow is expected on finalization of price in next financial year.

8. Income amounting to Rs. 81.47 crores of dividend (previous year Rs. 163.93 crores), Rs. 10.08 crores of interest (previous year Rs. 1.90 crores) and Rs. 4.29 crores of profit on sale of investments (previous year Rs. 46.29 crores) derived from temporary deployment of surplus fund out of specific borrowing for various projects have been deducted from borrowing costs incurred.

9. Exchange gain / (loss) has been accounted for under respective head of accounts as under:

(Rs. in Crores)

Head of Accounts	2009-10	2008-09
Sales and Operating Revenues	(9.39)	(105.05)
Manufacturing and Other Expenses	185.86	(725.27)
Interest and Finance Charges	-	(17.35)
Total	**176.47**	**(847.67)**

10. Tax adjustment for earlier years (net) includes write back of provision for tax resulting from change in estimation of tax liability on progress in tax assessments.

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
11. Loans and Advances include :-		
(a) Due from Officers (Maximum balance during the year Rs. 0.07 crores, previous year Rs. 0.07 crores)	0.06	0.07

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(b) To subsidiary companies:-

(Rs. in Crores)

Name of Subsidiary	As at 31st March, 2010	Maximum outstanding during 2010	As at 31st March, 2009	Maximum outstanding during 2009
Renukeshwar Investments & Finance Limited	-	0.00	-	0.05
Renuka Investments & Finance Limited	-	0.18	-	0.08
Aditya Birla Chemicals (India) Limited	0.01	0.02	-	13.03
Lucknow Finance Company Limited (without interest)	-	0.48	-	0.52
Utkal Alumina International Limited	0.51	498.62	319.92	319.94
Indal Exports Limited	-	0.01	0.01	0.01
Birla (Nifty) Pty Limited	-	194.21	194.21	327.85
Birla Mt. Gordon Pty Limited	-	96.75	96.76	103.40
East Coast Bauxite Mining Company Private Limited	0.01	0.02	0.01	0.01
Hindalco-Almex Aerospace limited	69.99	70.00	0.03	3.91
Dahej Harbour and Infrastructure Limited	0.00	0.00	-	-
Suvas Holdings Limited	0.00	1.84	-	-
Tubed Coal Mines Limited	0.00	0.00	-	0.08
A V Minerals (Netherlands) B.V.	-	114.00	-	10,084.71
Novelis Inc.	0.06	0.08	0.08	0.75
Total	**70.58**		**611.02**	

(c) Inter Corporate Deposits include:

(i) Rs. 32.35 crores (previous year Rs. 13.23 crores) given to Aditya Birla Science and Technology Company Limited, an associate of the Company, bearing interest. Maximum balance outstanding during the year was Rs. 32.35 crores (previous year Rs. 13.23 crores).

(ii) The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee which has been formed to provide common facilities and resources to its members, with a view to optimize the benefits of specialization and minimize cost for each member. The Company is one of the participants in the common pool and shares the expenses incurred by ABMCPL and accounted for under appropriate heads.

Rs. nil (previous year Rs. 24.02 crores) is given to ABMCPL, bearing interest. Maximum balance outstanding during the year was Rs. 24.02 crores (previous year Rs. 24.02 crores).

(d) Loan to employees as per Company's policy are not considered.

(e) Balances with Trident Trust representing 16,316,130 equity shares of Re.1/- each of the Company issued pursuant to the Scheme of Arrangement approved by the Hon'ble High Courts at Mumbai and Allahabad vide their Orders dated 31st October, 2002 and 18th November, 2002, respectively, to the Trident Trust, which is created wholly for the benefit of the Company and is being managed by trustees appointed by it. The tenure of the trust has been extended up to 23rd January, 2017.

12. Receivables (Sundry Debtors) include following amounts outstanding from subsidiary companies:–

(Rs. in Crores)

	As at 31 March, 2010	Maximum balance outstanding	As at 31 March, 2009	Maximum balance outstanding
Aditya Birla Chemicals (India) Limited	1.10	1.30	(0.10)	2.66
Hindalco-Almex Aerospace Limited	1.55	3.62	1.66	4.31
Total	**2.65**		**1.56**	

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

13. Secured Loans of the Company consist of the following :

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
100 Nos. 6.39% Non Convertible Debentures of Rs. 1 crore each redeemed on 15th September, 2009. These debentures were secured by mortgage of immovable properties of Smelter and Power plant of the Company situated at Hirakud, Orissa, both present and future ranking pari passu with existing charge holders and hypothecation of moveable properties of Hirakud Smelter and Power plant, (save and except current assets) both present and future.	-	100.00
2,500 Nos. 6.50% Non Convertible Debentures of Rs. 0.1 crores each redeemed on 06th September, 2009. These debentures were secured by mortgage of immovable properties of Dahej plant, both present and future, ranking pari passu with existing charge holders and hypothecation of the movable properties of Dahej plant, both present and future (save and except current assets).	-	250.00
Total Non Convertible Debenture (A)	-	350.00
Cash Credit and Export Credit Working Capital Loan of Aluminium Business (Renukoot) is secured by hypothecation of Raw Materials inventory, Consumable Stores, Spares, Work-in-Process and Finished Products of Renukoot plant, Working Capital Loan of the balance Aluminium Business is secured by hypothecation of stocks of Raw Materials, Consumable Stores, Spares, Work-in-Process and Finished Products of all other aluminium plants (other than Renusagar Power plant) and Working Capital Loan of Copper Business is secured by hypothecation of stocks of Raw Materials, Consumable Stores, Spares, Work-in-Process and Finished Products of Copper Business, both present and future, secured by way of joint equitable mortgage of the immovable assets, on second charge basis, of Copper Business, ranking pari passu with other Lenders/Institutions.	10.91	16.96
Rupee Term Loans Secured by the first charge on all immovable properties (except Greenfield projects) of the company both present and future pari passu and hypothecation of all movable assets (except Book debt & current assets and of Greenfield Projects) both present and future of the company ranking pari passu with other charge holders. (Rs. nil (previous year Rs. 203.27 crores) is payable within one year).	5,142.99	5,346.26
Total Loans from Banks (B)	**5,153.90**	**5,363.22**
Term Loans from Government of Uttar Pradesh under subsidized Housing Scheme for Industrial Workers. Secured by hypothecation of Workers' Quarters at Renukoot plant.	0.00	0.01
Total Loans from Others (C)	**0.00**	**0.01**
Total Secured Loans (A+B+C)	**5,153.90**	**5,713.23**

14. Although the book / market value of certain investments (amount not ascertained) is lower than cost, considering the strategic and long term nature of the investments and asset base of the investee companies, in the opinion of the management such decline is temporary in nature and no provision is necessary for the same.

15. The Company has earmarked 6.83% GOI bonds, 2039 of the face value of Rs. 20.00 crores and book value being Rs. 20.13 crores in compliance with the provisions of Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975 (as amended).

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

16. (a) The Authorised Capital of the Company has increased from Rs. 200.00 crores to Rs. 215.00 crores by way of increase of 15,00,00,000 equity shares of Rs. 1 each pursuant to a resolution passed at the Annual general meeting held on 18th September, 2009.

(b) Upon allotment of 213,147,391 equity shares of Re. 1 each at a premium of Rs. 129.90 through Qualified Institutions Placement (QIP) on 01st December, 2009, paid-up capital of the Company has increased by Rs. 21.31 crores. The total amount received against QIP is Rs. 2,790.10 crores. Out of this amount Rs. 396 crores has been spent for various ongoing projects (including issue related expenses) till 31st March, 2010 and the balance amount has been invested temporarily in mutual funds.

17. In terms of the facility agreement for foreign currency borrowing of US$ 981.80 million availed by A V Minerals (Netherlands) B.V., a wholly owned subsidiary, the Company has entered into a deed of pledge of registered shares in A V Minerals (Netherlands) B.V. in favour of HSBC Bank USA, N.A. as pledgee.

18. A wholly-owned subsidiary by the name Mauda Energy Limited has been incorporated on 05th October, 2009 for generation of power to be used captively.

19. The Company has formulated a scheme of financial restructuring under Sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") has been created during the previous year by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly, Rs. 8,647.37 crores has been transferred to BRR during the previous year and certain expenses amounting to Rs. nil (previous year Rs. 66.98 crores (net of deferred tax)) have been adjusted against the same as per the Scheme.

20. Arising from the announcement of the Institute of Chartered Accountants of India dated 29th March, 2008 on Accounting for Derivatives, the Company has decided for early adoption of Accounting Standard (AS) 30 on Financial Instruments : Recognition and Measurement, in so far as it relates to derivative accounting, from 01st April, 2009. Accordingly, net loss arising on fair valuation of outstanding derivatives as on 01st April, 2009 amounting to Rs. 230.58 crores (net of deferred tax of Rs. 118.73 crores) has been adjusted against general reserve following transitional provisions. Accounting for all derivatives from 01st April, 2009 have been done as prescribed under the AS. As a result, net gain / (loss) of Rs. (236.12) crores and Rs. 167.75 crores & Rs. 246.09 crores for the year ended 31st March, 2010 have been included under Sales and Raw Materials Consumed & Other Expenses (in Manufacturing and Other Expenses), respectively, with consequential impact on profit for the year ended 31st March, 2010. The figures of the current year in respect of above items are, therefore, not comparable with those of the previous year.

21. The total of future minimum lease payment commitments under non-cancelable operating lease agreement for a period of twenty years expiring in 2022 to use railway tracks along with locomotives for transportation of its materials are as under:

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
Not later than one year	0.40	0.40
Later than one year and not later than five years	1.60	1.60
Later than five years	2.87	3.27

22. As required by Accounting Standard 28 on Impairment of Assets, the Company has carried out impairment test of various assets and identified the following for impairment loss / (reversal) during the year:

Nature of Asset	Events / Circumstances	Impairment loss / (reversal) Amount (Rs. in crores)	Basis of Recoverable Amount
Certain assets of Foil units	Uneconomical operation	3.92	Value In Use
Certain assets of Aluminium Smelters	Change in business scenario	(5.78)	Value In Use / Net Selling Price
All assets of Wheel Plant	Change in business scenario	(2.30)	Net Selling Price

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

23. Deferred Tax

Major components of Deferred Tax arising on account of temporary timing differences are:

(Rs. in Crores)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Deferred Tax Assets (A)		
On Retirement benefits expenses as per AS - 15	63.40	64.67
Expenses / provisions allowable	34.42	19.66
Total	**97.82**	**84.33**
Deferred Tax Liability (B)		
Depreciation	1,464.26	1,495.00
Total	**1,464.26**	**1,495.00**
Net Deferred Tax Liabilities (B-A)	**1,366.44**	**1,410.67**

24. Share-based Compensation

The shareholders of the Company has approved an Employee Stock Option Scheme ("ESOS 2006"), formulated by the Company, under which the Company may issue 3,475,000 options to its permanent employees in the management cadre, in one or more trenches, whether working in India or out of India, including the Whole Time Directors of the Company. Each option when exercised would be converted into one fully paid-up equity share of Re. 1/- each of the Company. The ESOS 2006 is administered by the Compensation Committee of the Board of Directors of the Company ("the Committee"). Under the ESOS 2006, the Committee has granted 2,973,390 options to its eligible employees in two trenches. The following share-based payment arrangements were in existence during the reporting periods:

	ESOS 2006	
	Tranche I	Tranche II
Number of Options Granted	19,40,250	10,33,140
Vesting Plan	Graded Vesting- 25% every year	Graded Vesting- 25% every year
Exercise Period	5 Years from the date of Vesting	5 Years from the date of Vesting
Grant Date	23.08.2007	25.01.2008
Grant Price (Rs. per Option)	98.30	150.10
Method of Accounting	Intrinsic Value	Intrinsic Value

Movement of Options Granted:

The movement of the options for the year ended 31st March, 2010 is given below:

Particulars	Stock Options (Numbers)	Range of Exercise Prices (Rs.)	Weighted Average Exercise Prices (Rs.)	Weighted Average Remaining Contractual life (Years)
Outstanding at beginning of the year	2,151,451	98.30 - 150.10	120.46	6.18
Granted during the year	-	-	-	-
Forfeited during the year	(78,652)	98.30 - 150.10	116.09	-
Exercised during the year	(44,244)	98.30	98.30	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,028,555	98.30- 150.10	121.12	5.17
Exercisable at the end of the year	958,270	98.30 - 150.10	123.18	4.17

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

The movement of the options for the year ended 31st March, 2009 is given below:

Particulars	Stock Options (Numbers)	Range of Exercise Prices (Rs.)	Weighted Average Exercise Prices (Rs.)	Weighted Average Remaining Contractual life (Years)
Outstanding at beginning of the year	2,694,290	98.30 - 150.10	118.16	7.03
Granted during the year	-	-	-	-
Forfeited during the year	(284,742)	98.30 - 150.10	118.77	-
Exercised during the year	(227,454)	98.30	98.30	-
Lapsed during the year	(30,643)	98.30	98.30	-
Outstanding at the end of the year	2,151,451	98.30 - 150.10	120.46	6.18
Exercisable at the end of the year	414,475	98.30 - 150.10	127.06	4.63

The weighted average share price at the date of exercise of stock options exercised during the year ended 31st March, 2010 and 31st March, 2009 was Rs. 158.81 and Rs. 139.20 respectively.

Fair Valuation:

At grant date, the estimated fair value of stock options granted in Tranche I and Tranche II under ESOS 2006 was Rs. 65.78 and Rs. 57.11 respectively. The fair valuation of options have been done by an independent valuer using Black and Scholes Model. The various inputs and assumptions considered in the pricing model at grant date for the stock options granted under ESOS 2006 are as under:

Particulars	Tranche I	Tranche II
Number of Option Granted	19,40,250	10,33,140
Grant Date	23.08.2007	25.01.2008
Risk Free interest Rate (%)	8.00	8.00
Option Life (Years)	5	5
Expected Volatility	0.3391	0.3655
Expected Dividend Yield (%)	170.00	170.00
Share Price at options grant date (Rs. per Share)	138.95	150.10

Had the compensation cost for the stock options granted been recognized based on fair value at the date of grant in accordance with Black and Scholes Model, the proforma amount of net profit and earnings per share of the Company would have been as under:

Rs. in Crores

	2009-10	2008-09
Net Profit as Reported	1,915.63	2,230.27
Less: Dividend on Preference Shares (including Tax)	-	(0.03)
Net Profit attributable to Equity Shareholders	**1,915.63**	**2,230.24**
Add: Compensation cost under ESOS as per intrinsic value included in the Net Profit	1.00	2.09
Less: Compensation cost under ESOS as per fair value	(2.84)	(5.82)
Proforma Net Profit	**1,913.79**	**2,226.51**
Less: Tax adjustment for earlier years	(113.17)	(150.83)
Proforma Profit before Tax adjustment for earlier years	**1,800.62**	**2,075.68**
Weighted average number of Basic Equity Shares outstanding	1,770,939,077	1,505,245,463
Weighted average number of Diluted Equity Shares outstanding	1,771,286,354	1,505,245,463
Face value of Equity Shares (in Re.)	1.00	1.00
Reported Earning per Share (EPS):		
Basic EPS (in Rs.)	10.82	14.82
Diluted EPS (in Rs.)	10.81	14.82
Basic EPS before Tax adjustment for earlier years (Rs.)	10.18	13.81
Diluted EPS before Tax adjustment for earlier years (Rs.)	10.18	13.81
Proforma Earning per Share (EPS):		
Basic EPS (in Rs.)	10.81	14.79
Diluted EPS (in Rs.)	10.80	14.79
Basic EPS before Tax adjustment for earlier years (Rs.)	10.17	13.79
Diluted EPS before Tax adjustment for earlier years (Rs.)	10.17	13.79

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

25. (i) Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits:- In respect of gratuity, a defined benefit scheme (based on actuarial valuation) -

	Description	31st March, 2010	(Rs. in Crores) 31st March, 2009
A	**Change in Obligations over the year ended 31st March, 2010**		
	Present Value of Defined Benefit Obligation at the beginning of the year	332.56	310.24
	Current Service cost	22.64	16.69
	Past Service Cost	-	-
	Interest Cost	26.09	23.83
	Curtailment cost/(credit)	-	-
	Settlement cost/(credit)	-	-
	Amalgamations	-	-
	Actuarial (gains)/ losses	(2.33)	(4.60)
	Benefits paid	(14.98)	(13.60)
	Present Value of Defined Benefit Obligation at the end of the year	**363.98**	**332.56**
B	**Change in Plan Assets (Reconciliation of opening and closing balances)**		
	Fair value of Plan Assets at the beginning of the year	180.83	153.19
	Expected return on Plan Assets	14.14	13.37
	Actuarial Gain / (Loss)	-	3.20
	Contributions	31.63	24.67
	Benefits Paid	(14.98)	(13.60)
	Fair value of Plan Assets at the end of the year	**211.62**	**180.83**
C	**Reconciliation of fair value of assets and obligations**		
	Fair value of Plan Assets at the end of the year	211.62	180.83
	Present value of Obligation at the end of the year	(363.98)	(332.56)
	Amount recognised in Balance Sheet	**(152.36)**	**(151.73)**
D	**Expense recognised during the year**		
	Current Service cost	22.64	16.69
	Past Service Cost	-	-
	Interest cost	26.09	23.83
	Curtailment cost/(credit)	-	-
	Settlement cost/(credit)	-	-
	Actuarial (gains)/losses	(1.53)	(9.40)
	Expected return on plan assets	(14.93)	(11.77)
	Total	**32.27**	**19.35**
E	**Investment details of plan assets**		
	Insurer managed Fund	91.9%	69.1%
	Government Securities	7.6%	21.9%
	Corporate Bonds	0.1%	8.1%
	Others	0.4%	0.9%
		100%	100%
F	**Principal Actuarial Assumptions**		
	- Discount rate (based on the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities)	8.00%	8.00%
	- Expected rate of return on assets	8.00%	7.85% / 8.00%
	- Salary increase (taking into account inflation, seniority, promotion and other relevant factors)	6.00%	6.00%

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

The Company has various schemes (funded / unfunded) for payment of gratuity to all eligible employees calculated at specified number of days (ranging from 15 days to 1 month) of last drawn salary depending upon tenure of service for each year of completed service subject to minimum service of five years payable at the time of separation upon superannuation or on exit otherwise.

(ii) In respect of Defined contribution schemes –

(a) The Guidance Notes on Implementation of Accounting Standard 15 (revised) issued by the ICAI states that provident fund set up by the employers, which require interest shortfall to be met by the employers, needs to be treated as defined benefit plan. The fund set up by the Company does not have existing deficit of interest shortfall. With regard to future obligation arising due to interest shortfall, pending issuance of the guidance notes from Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government. The amount debited to Profit & Loss Account during the year was Rs. 50.62 crores (previous year Rs. 47.62 crores).

(b) The Company also contributes a certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Funds managed by approved trusts or by Life Insurance Corporation of India. The amount debited to Profit & Loss Account during the year was Rs. 9.38 crores (previous year Rs. 7.52 crores).

26. Derivative Financial instruments

(i) (a) In the ordinary course of business, the Company is exposed to risks resulting from changes in prices of commodity, exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. It uses derivative instruments such as forwards, futures, swaps and options to manage these risks. Such derivative financial instruments are used as risk management tools only and not for speculative purposes. These derivative financial instruments reduce the impact of both favourable and unfavourable fluctuations. Except where noted, the derivative contracts are marked-to-market (MTM) and the related gains and losses are included in Profit & Loss Account in the current accounting period.

The Company's risk management activities are subject to the management, direction and control of Risk Management Board (RMB). The RMB is composed of two directors including Managing Director, Chief Financial Officer and other officers and employees selected by the Managing Director. The RMB reports to the Board of Directors on the scope of its activities.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The credit levels are reviewed to ensure that there is not an inappropriate concentration of outstanding to any particular counterparty.

Commodity Price Risk

Copper and Precious Metals

This business is conducted under a conversion model. The prices of input and output are derived from the same benchmark and/or are linked to each other through a defined formula. The objective of risk management is to attempt to use hedging to balance out the price fluctuations on the input and output side so as to 'pass through' the change in input cost to customers to make the margins immune to the fluctuations in prices of the input and output.

Aluminium

This business is vertically integrated. The main raw material viz. bauxite (mostly mined from own mines) and other purchased raw materials do not have any linkage with the output price which is Aluminium LME prices. When the prices of input(s) and output(s) do not follow the above condition, then risk management attempts to use hedging so as to protect the margins from adverse movements in prices on either side, i.e. from a rise in input cost or from a fall in output price.

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

As a condition of sale, customers often require the Company to enter into fixed price commitments. These commitments expose the Company to the risk of fluctuating aluminum prices between the time the order is committed and the time that the material is shipped. The Company may enter into derivative financial instruments to mitigate the risk arising out of the fixed price commitments. Consequently, the gain or loss resulting from movements in the price of aluminum on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

Foreign Currency Exchange Risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on our operating results. In addition to the foreign exchange flow from exports, the commodity prices in the domestic market are derived based on the landed cost of imports in India where LME prices and USD_INR exchange rate are the main factors. In case of conversion business, the objective is to match the exchange rate of outflows and related inflows through derivative financial instruments. With respect to Aluminium business where costs are predominantly in INR, the strengthening of INR against USD adversely affects the profitability of the business and benefits when INR depreciates against USD. The company enters into various foreign exchange contracts to protect profitability.

The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign currency exchange rate movement in foreign currency contracts executed with foreign suppliers to procure capital items for its project activities.

Cash Flow Hedges

For derivative financial instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss is reported as a component of Hedging Reserve and reclassified into Profit & Loss Account in the same period or periods during which the hedged transaction affects Profit & Loss Account. Gains and losses on the derivative financial instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in Profit & Loss Account.

(b) The Asset and Liability position of various derivative financial instruments outstanding as at 31st March, 2010 is given below:

(Rs. in Crores)

Particulars	Nature of Risk being Hedged	Liability	Asset	Net Fair Value
Current				
Cash flow hedges				
- Commodity contracts	All cash flow risk other than foreign currency	(77.11)	6.06	(71.05)
- Foreign currency contracts	Exchange rate movement risk	(98.71)	94.47	(4.24)
Non-designated hedges				
- Commodity contracts		(35.53)	10.42	(25.11)
- Foreign currency contracts		(19.01)	24.08	5.07
Total		**(230.36)**	**135.03**	**(95.33)**
Non - current				
Cash flow hedges				
- Foreign currency contracts	Exchange rate movement risk	(14.94)	-	(14.94)
Non-designated hedges				
- Foreign currency contracts		(0.68)	-	(0.68)
Total		**(15.62)**	**-**	**(15.62)**
Grand Total		**(245.98)**	**135.03**	**(110.95)**

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(c) The following table presents the outstanding position and fair value of various foreign exchange derivative financial instruments as at 31st March, 2010:

Foreign currency forwards	Currency Pair	Average exchange rate	Notional value (in Million)	Fair Value Gain/(Loss) (Rs. In Crores)
Cash flow hedges				
Sell	USD_INR	49.55	219.63	94.47
Buy	USD_INR	47.03	5.57	(0.85)
Buy	CHF_INR	48.64	3.17	(1.44)
Buy	EUR_INR	68.26	173.66	(107.69)
Buy	GBP_INR	74.91	2.93	(1.62)
Buy	NOK_INR	8.14	40.58	(2.05)
Total				**(19.18)**
Non-Designated				
Sell	USD_INR	49.46	67.85	23.63
Buy	USD_INR	45.81	182.01	(10.25)
Buy	CHF_INR	47.08	0.54	(0.22)
Buy	EUR_INR	64.98	22.66	(8.77)
Buy	GBP_INR	67.97	0.33	0.02
Buy	NOK_INR	7.60	6.85	(0.02)
Buy	EUR_USD	1.35	0.03	0.00
Total				**4.39**

(d) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2010:

Commodity futures / forwards		Average Price (USD / Unit)	Qty	Unit	Notional value (USD in Millions)	Fair Value Gain/(Loss) (Rs. in Crores)
Cash flow hedges						
Aluminium	Sell	2,320.78	11,000	MT	25.53	(0.15)
Gold	Sell	1,032.59	207,144	TOZ	213.90	(67.12)
Silver	Sell	16.58	1,123,556	TOZ	18.63	(3.78)
Total					**258.06**	**(71.05)**
Non-Designated Hedges						
Copper	Buy	7,507.91	3,700	MT	27.78	10.43
Copper	Sell	7,589.71	2,800	MT	21.25	(11.47)
Aluminium	Buy	2,153.20	6,625	MT	14.26	7.33
Aluminium	Sell	2,227.35	5,550	MT	12.36	(2.53)
Gold	Buy	1,109.36	551	TOZ	0.61	(0.65)
Gold	Sell	1,109.75	6,137	TOZ	6.81	(22.00)
Silver	Buy	*				0.01
Silver	Sell	17.01	242,356	TOZ	4.12	(2.63)
Total					**87.19**	**(21.51)**
Commodity options (Non–Designated hedges)						
Copper	Sell	*				(0.37)
Aluminium	Sell	*	4,500	MT	10.22	(0.23)
Total					**10.22**	**(0.60)**
Commodity Swaps (Non-designated hedges)						
Copper	Sell	*				(1.27)
Aluminium	Sell	*				(1.73)
Total					-	**(3.00)**

***Represent derivatives matured within 31st March, 2010 for which cash flow to happen on settlement date during April, 2010.**

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(e) The following table presents details of amount held in Hedging Reserve as at 31st March, 2010 and the period during which these are going to be released and affecting Profit & Loss Account:

(Rs. in Crores)

Hedge Instrument Type	Product / Currency Pair	Closing Value In Hedging Reserve as at 31st March, 2010	Release	
			In less than 12 Months	After 12 Months
		Gain / (Loss)	Gain / (Loss)	Gain / (Loss)
Commodity Forwards	Aluminium	(0.18)	(0.18)	
	Gold	(36.51)	(36.51)	
	Silver	(4.56)	(4.56)	
	Total	**(41.25)**	**(41.25)**	
Debt Liability		**64.92**	**64.92**	
Foreign currency Forwards	CHF_INR	(1.44)	(0.69)	(0.75)
	EUR_INR	(107.17)	(93.54)	(13.64)
	GBP_INR	(1.62)	(1.38)	(0.23)
	NOK_INR	(2.05)	(1.76)	(0.29)
	USD_INR	93.24	93.24	
	Total	**(19.04)**	**(4.13)**	**(14.91)**
Grand Total		**4.63**	**19.54**	**(14.91)**

(f) The following table presents the amount of gain / (loss) recognized in Hedging Reserve and recycled during the year 2009-10:

(Rs. in Crores)

Item	Opening Balance	Amount recognized	Amount recycled	Closing Balance
Commodity	-	(258.43)	(217.18)	(41.25)
Forex	-	257.13	211.25	45.88
Total	**-**	**(1.30)**	**(5.93)**	**4.63**

(g) The following table presents the amount of gain / (loss) recycled from Hedging Reserve and reference of the line item in Profit & Loss Account where those amounts are included:

Schedule No	Schedule Line Item	(Rs. in Crores)
14	Aluminium Ingots/Billets	(73.81)
14	Copper Cathodes	11.55
14	Continuous Cast Copper Rods	11.05
14	Gold	(117.62)
14	Silver	(19.09)
17	Copper Concentrate	230.58
17	(Gain)/Loss in change in Fair value of derivatives (net)	48.59

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

Sensitivities

The following table presents the estimated potential changes in the fair values of the foreign currency derivative instruments as at 31st March, 2010 given a 10% changes in their respective indexes.

(Rs. in Crores)

Currency Pair	Change in Rate/Price	Change in NPV	Change in Profit & Loss Account	Change in Hedging Reserve
USD_INR	10%	212.78	111.91	100.87
EUR_INR	10%	118.52	13.71	104.81
GBP_INR	10%	2.21	0.22	1.98
NOK_INR	10%	3.20	0.47	2.74
CHF_INR	10%	1.43	0.21	1.22
Debt	10%	297.46	28.53	268.93

The following table presents the estimated potential change in the fair values of the commodity derivative financial instruments as at 31st March, 2010, given a 10% change in their respective indexes (LME in case of Aluminium and Copper, LBMA in case of Gold and Silver)

(Rs. in Crores)

Types of Derivative	Change in Rate/Price	Change in NPV	Change in Profit & Loss Account	Change in Hedging Reserve
Forwards	10%	129.32	26.86	102.46
Options	10%	1.71	1.71	-

(ii) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

Currency	As at 31st March, 2010 (in Million)		As at 31st March, 2009 (in Million)	
	Payable	Receivable	Payable	Receivable
AED	-	-	0.01	-
AUD	24.37	-	-	-
CHF	0.01	-	-	-
EUR	10.32	0.97	0.29	0.56
GBP	1.60	0.09	0.02	0.10
JPY	-	3.66	34.51	-
NOK	3.35	-	-	-
USD	1,166.24	38.69	522.49	22.33
SEK	-	0.01	-	-
Total	**1,205.89**	**43.42**	**557.32**	**22.99**

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

27. In compliance with Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures, following disclosures are made in respect of jointly controlled entities in which the Company is a joint venturer:

(Rs. in Crores)

Particulars	Hydromine Global Minerals (GMBH) Limited (Audited)		Mahan Coal Limited (Audited)	
Country of incorporation	British Virgin Islands		India	
	Year ended, 31st March 2010	Year ended, 31st March 2009	Year ended, 31st March 2010	Year ended, 31st March 2009
Percentage of Share in Joint Venture	45%	45%	50.00%	50.00%
Assets	19.92	7.75	7.09	5.64
Liabilities	0.09	0.00	0.74	0.19
Income	-	-	0.02	-
Expenditure	1.44	-	0.17	-
Capital Commitments (net of advance)	-	-	1.08	0.07
Contingent Liabilities	-	-	16.71	16.71

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	(Rs. in Crores) 31st March, 2010	31st March, 2009
28. Earnings Per Share (EPS):		
Net Profit	1,915.63	2,230.27
Less: Dividend on Preference Shares (including Dividend Tax)	-	(0.03)
Net Profit attributable to Equity Shareholders	**1,915.63**	**2,230.24**
Less: Tax adjustment for earlier years	(113.17)	(150.83)
Profit before Tax adjustment for earlier years	**1,802.46**	**2,079.41**
Weighted average number of Basic Equity Shares outstanding	1,770,939,077	1,505,245,463
Weighted average number of Diluted Equity Shares outstanding	1,771,286,354	1,505,245,463
Face Value of Equity Shares (in Rs.)	1.00	1.00
Earnings per share (EPS):		
Basic EPS (in Rs.)	10.82	14.82
Diluted EPS (in Rs.)	10.81	14.82
Basic EPS before Tax adjustment for earlier years (in Rs.)	10.18	13.81
Diluted EPS before Tax adjustment for earlier years (in Rs.)	10.18	13.81

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

29. Related Party Disclosures

A. List of Related Parties

(a) Subsidiaries of the Company

1 Aditya Birla Minerals Limited
2 Birla Nifty Pty Limited
3 Birla Maroochydore Pty Limited
4 Birla Mt Gordon Pty Limited
5 Birla Resources Pty Limited
6 Dahej Harbour and Infrastructure Limited
7 Aditya Birla Chemicals (India) Limited
8 Hindalco-Almex Aerospace Limited
9 Indal Exports Limited
10 Lucknow Finance Company Limited
11 Minerals & Minerals Limited
12 Renuka Investments & Finance Limited
13 Renukeshwar Investments & Finance Limited
14 Suvas Holdings Limited
15 Utkal Alumina International Limited
16 East Coast Bauxite Mining Company Private Limited
17 Tubed Coal Mines Limited
18 AV Minerals (Netherlands) B. V.
19 AV Metals Inc.
20 AV Aluminum Inc.
21 HAAL (USA) Inc.
22 Mauda Energy Limited
23 Novelis Inc.
24 Novelis Benelux NV
25 Albrasilis - Aluminio do Brasil Industria e Comercia Ltda
26 Novelis do Brasil Ltda.
27 4260848 Canada Inc.
28 4260856 Canada Inc.
29 Novelis Cast House Technology Ltd.
30 Novelis No. 1 Limited Partnership
31 Novelis Foil France SAS
32 Novelis Lamines France SAS
33 Novelis PAE SAS
34 Novelis Aluminium Beteiligungs GmbH
35 Novelis Deutschland GmbH
36 Novelis Aluminium Holding Company
37 Novelis Italia SpA
38 Novelis Luxembourg SA
39 Alcom Nikkei Specialty Coatings Sdn Berhad
40 Aluminum Company of Malaysia Berhad
41 A1 Dotcom Sdn Berhad
42 Novelis (India) Infotech Ltd.
43 Novelis de Mexico SA de CV
44 Novelis Korea Ltd.
45 Novelis Belgique SA
46 Novelis AG
47 Novelis Switzerland SA
48 Novelis Technology AG
49 Evermore Recycling LLC (J-V)
50 Novelis Europe Holdings Limited
51 Novelis UK Ltd.

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

52 Aluminum Upstream Holdings LLC (Delaware)
53 Eurofoil, Inc. (USA) (New York)
54 Logan Aluminium Inc. (Delaware)
55 Novelis Corporation (Texas)
56 Novelis Brand LLC (Delaware)
57 Novelis PAE Corp (Delaware)
58 Novelis South America Holdings LLC
59 Novelis Madeira, Unipessoal, Lda
60 Novelis Services Limited

(b) Trust of the Company
Trident Trust

(c) Joint Venture
1 Hydromine Global Minerals GMBH Limited
2 Mahan Coal Limited

(d) Associates of the Company
1 Aditya Birla Science & Technology Company Limited
2 Consorcio Candonga
3 France Aluminium Recyclage SA
4 Aluminium Norf GmbH
5 Deutsche Aluminium Verpackung Recycling GmbH
6 MiniMRF LLC (Delaware)
7 IDEA Cellular Limited

(e) Key Managerial Personnel:
Mr. D. Bhattacharya - Managing Director

B. The Following transactions were carried out with the Related parties in the ordinary course of business:

(a) Subsidiary Companies, Associate and Joint Ventures:

(Rs. in Crores)

Sl. No.	Transaction during the year	2009-10			2008-09		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
1	**Sales and Conversion**	**24.81**	**-**	**-**	**22.91**	**-**	**-**
	a) Aditya Birla Chemicals(India) Limited	16.60	-	-	21.06	-	-
	b) Hindalco - Almex Aerospace Limited	8.21	-	-	-	-	-
	c) Others	-	-	-	1.85	-	-
2	**Services rendered**	**0.62**	**0.15**	**-**	**0.33**	**-**	**-**
	a) Dahej Harbour and Infrastructure Limited	0.61	-	-	0.33	-	-
	b) Idea Cellular Limited (wef 1st January 2009)	-	0.15	-	-	-	-
	c) Others	0.01	0.00	-	-	-	-
3	**Interest and dividend received**	**12.09**	**1.31**	**-**	**73.05**	**0.64**	**-**
	a) Aditya Birla Science & Technology Company Limited	-	1.31	-	-	0.64	-

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(Rs. in Crores)

Sl. No.	Transaction during the year	2009-10			2008-09		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
	b) Aditya Birla Chemicals (India)Limited	1.80	-	-	2.07	-	-
	c) Aditya Birla Minerals Limited	-	-	-	65.05	-	-
	d) Birla (Nifty) Pty Limited	6.81	-	-	-	-	-
	e) Birla Mt Gordon Pty Limited	2.65	-	-			
	f) Others	0.83	-	-	5.93	-	-
4	**Purchase of materials**	**1,819.23**	**-**	**-**	**1,195.24**	**-**	**-**
	a) Aditya Birla Chemicals(India) Limited	147.19	-	-	154.72	-	-
	b) Birla (Nifty) Pty Limited	1,606.20	-	-	792.03	-	-
	c) Birla Mt Gordon Pty Limited	51.98	-	-	247.76	-	-
	d) Others	13.86	-	-	0.73	-	-
5	**Services received**	**29.37**	**14.25**	**-**	**29.15**	**9.14**	**0.51**
	a) Aditya Birla Science & Technology Company Limited	-	8.67	-	-	8.92	-
	b) Idea Cellular Limited (Upto 31st December 2008)	-	-	-	-	-	0.51
	c) Dahej Harbour and Infrastructure Limited	28.89	-	-	28.66	-	-
	d) Idea Cellular Limited (wef 1st January 2009)	-	5.58	-	-	-	-
	e) Others	0.48	-		0.49	0.22	-
6	**Investments, Deposits, loans and advances made during the year**	**759.04**	**19.12**	**18.41**	**11,547.30**	**4.00**	**11.30**
	a) Aditya Birla Science & Technology Company Limited	-	19.12	-	-	3.92	-
	b) Mahan Coal Limited	-	-	1.00	-	-	3.00
	c) Hydromine Global Minerals GMBH Limited	-	-	17.41	-	-	8.30
	d) A V Minerals (Netherlands) B.V.	312.30	-	-	10,400.37	-	-
	e) Aditya Birla Minerals Limited	-	-	-	480.76	-	-
	f) Utkal Alumina International Limited	369.98	-	-	317.04	-	-
	g) Hindalco - Almex Aerospace Limited	73.57	-	-	5.78	-	-
	h) Others	3.19	-	-	343.35	0.08	-
7	**Investments, Deposits, loans and advances received back during the year**	**481.03**	**0.08**	**-**	**545.71**	**3.58**	**0.95**
	a) Aditya Birla Science & Technology Company Limited	-	-	-	-	3.58	-

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(Rs. in Crores)

Sl. No.	Transaction during the year	2009-10			2008-09		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
	b) Mahan Coal Limited	-	-	-	-	-	0.95
	c) Birla (Nifty) Pty Limited	194.21	-	-	-	-	-
	d) Birla Mt Gordon Pty Limited	96.75	-	-	-	-	-
	e) Aditya Birla Minerals Limited	-	-	-	480.76	-	-
	f) Utkal Alumina International Limited	190.06	-	-	-	-	-
	g) Others	0.01	0.08	-	64.95	-	-
8	**Guarantees and Collateral securities given**	**1,138.30**	**-**	**-**	**7,160.04**	**-**	**16.71**
	a) A V Minerals (Netherlands) B.V.	89.66	-	-	7,133.00		
	b) Utkal Alumina International Limited	1,000.00	-	-	-	-	-
	c) Mahan Coal Limited Limited	-	-	-	-	-	16.71
	Others	48.64	-	-	27.04	-	-
9	**Guarantees & Collateral securities received back during the year**	**-**	**-**	**-**	**15,988.00**	**-**	**-**
	a) Lucknow Finance Company Limited	-	-	-	-	-	-
	b) A V Minerals (Netherlands) B.V.	-	-	-	15,988.00	-	-
10	**Licence and Lease arrangements**						
	Licence Fees	**0.01**	**-**	**-**	**0.01**	**-**	**-**
	(a) Dahej Harbour and Infrastructure Limited	0.01	-	-	0.01	-	-
	Outstanding balance as at 31st March						
1	**Debit Balances**	**3.51**	**0.00**	**0.00**	**1.71**	**0.01**	**0.03**
	a) Idea Cellular Limited (wef 1st January 2009)	-	0.00	-	-	0.01	-
	b) Aditya Birla Chemicals (India) Limited	1.11	-	-	0.00	-	-
	c) Idea Cellular Limited (Upto 31st December 2008)	-	-	-	-	-	0.01
	d) Mahan Coal Limited	-	-	0.00	-	-	0.02
	e) Utkal Alumina International Limited	0.52	-	-	1.58	-	-
	f) Hindalco - Almex Aerospace Limited	1.81	-	-	0.03	-	-
	g) Others	0.07	-	-	0.10	-	-
2	**Credit Balances**	**240.15**	**0.03**	**-**	**9.42**	**0.03**	**-**
	a) Idea Cellular Limited (wef 1st January 2009)	-	0.03	-	-	0.03	-

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(Rs. in Crores)

Sl. No.	Transaction during the year	2009-10 Subsidiaries	2009-10 Associates	2009-10 Joint Ventures	2008-09 Subsidiaries	2008-09 Associates	2008-09 Joint Ventures
	b) Aditya Birla Chemicals (India) Limited)	4.26	-	-	5.85	-	-
	c) Birla (Nifty) Pty Limited	222.00	-	-	-	-	-
	d) Novelis Inc.	12.70	-	-	0.00	-	-
	e) Dahej Harbour and Infrastructure Limited	0.55	-	-	3.05	-	-
	f) Others	0.64	-	-	0.52	-	-
3	**Investments, Deposits, loans advances**	**15,082.95**	**270.49**	**32.22**	**14,804.95**	**23.11**	**242.14**
	a) Aditya Birla Science & Technology Company Limited	-	42.15	-	-	23.03	-
	b) Idea Cellular Limited (wef 1st January 2009)	-	228.34	-	-	-	-
	c) Idea Cellular Limited (Upto 31st December 2008)	-	-	-	-	-	228.34
	d) A V Minerals (Netherlands) B.V.	13,245.39	-	-	12,933.09	-	-
	e) Aditya Birla Minerals Limited	480.76	-	-	480.76	-	-
	f) Utkal Alumina International Limited	1,160.51	-	-	980.60	-	-
	g) Mahan Coal Limited	-	-	6.50	-	-	5.50
	h) Hydromine Global Minerals GMBH Limited	-	-	25.72	-	-	8.30
	(i) Others	196.29	-	-	410.50	0.08	-
4	**Guarantees and Collateral securities given**	**7,446.04**	**-**	**16.71**	**7,164.54**	**-**	**16.71**
	a) A V Minerals (Netherlands) B.V.*	6,365.86	-	-	7,133.00	-	-
	b) Dahej Harbour and Infrastructure Limited	4.50	-	-	4.50	-	-
	c) Utkal Alumina International Limited	1,000.00	-	-	-	-	-
	d) Mahan Coal Limited	-	-	16.71	-	-	16.71
	e) Others	75.68	-	-	27.04	-	-

(b) **Trident Trust**

Beneficiary Interest in the Trust — 34.45 — 34.45

(c) **Key Managerial Personnel:**

Managerial Remuneration (Including perquisites)** — 13.15 — 11.09

* The Closing balance has reduced from Rs. 7,133.0 crores to Rs. 6,276.2 crores due to the Exchange rate difference.

** Excluding Gratuity, Leave Encashment Provisions and Employee Compensation under Employee Stock Option Scheme.

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

30. (a) Primary Segment Reporting (by Business Segment):

(i) The Company has two reportable segments viz. Aluminium and Copper which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segments are as under:

Aluminium : Hydrate & Alumina, Aluminium and Aluminium Products.

Copper : Continuous Cast Copper Rods, Copper Cathode, Sulphuric Acid, DAP & Complexes, Gold and Silver.

(ii) Inter-segment transfers are based on market rates.

(iii) Information about Primary Segments are follows: **(Rs. in Crores)**

Particulars	2009-10			2008-09		
	Aluminium	Copper	Total	Aluminium	Copper	Total
REVENUE						
External Sales	6,997.63	12,538.65	19,536.28	7,600.54	10,619.11	18,219.65
Inter Segment Sales	3.02	3.73	6.75	3.30	5.40	8.70
Total Revenue	7,000.65	12,542.38	19,543.03	7,603.84	10,624.51	18,228.35
RESULTS						
Segment Results	1,766.58	660.13	2,426.71	2,157.76	379.14	2,536.90
Unallocated Corporate Expenses			(89.55)			(81.13)
Operating Profit			2,337.16			2,455.77
Unallocated Other Income			205.40			571.48
Interest Expenses			(278.00)			(336.93)
Income Taxes			(348.93)			(460.05)
Net Profit			1,915.63			2,230.27
OTHER INFORMATION						
Assets:						
Segment Assets	11,681.90	8,194.96	19,876.86	9,513.12	6,279.32	15,792.44
Unallocated Corporate Assets			21,905.87			20,372.91
Total Assets			41,782.73			36,165.35
Liabilities:						
Segment Liabilities	1,085.00	2,768.12	3,853.12	943.29	1,104.52	2,047.81
Unallocated Corporate Liabilities			10,018.64			10,359.22
Total Liabilities			13,871.76			12,407.03
Capital Expenditure	2,747.66	67.38		1,040.48	79.00	
Non-Cash Expenses:						
Depreciation (including Impairment)	496.05	164.24		472.20	167.57	
Others	16.13	1.24		1.69	0.92	

(b) Secondary Segment Reporting (by Geographical demarcation):

(i) The secondary segment is based on geographical demarcation i.e India and Rest of the World.

(ii) Information about Secondary Segments are follows: **(Rs. in Crores)**

Particulars	2009-10			2008-09		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	14,164.07	5,378.96	19,543.03	12,856.59	5,371.76	18,228.35
Segment Assets	19,600.81	276.05	19,876.86	15,257.93	534.51	15,792.44
Capital Expenditure	2,815.04	-	2,815.04	1,119.48	-	1,119.48

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

	2009-10	2008-09
		(Rs. in Crores)
31. Miscellaneous Expenses under Manufacturing and Other Expenses (Schedule 17) include payment -		
(a) to a firm of solicitors in which Director is a partner	0.46	0.20
(b) as pension to a Director who was president of the Company before appointment as Director	0.01	0.01

32. Auditors' Remuneration

		(Rs. in Crores)
(a) **Statutory Auditors**		
Audit Fees	1.22	1.06
Certification/Company law/Other matters*	0.62	0.83
Tax Audit Fees	0.24	0.22
Expenses	0.10	0.10
(b) **Cost Auditors**		
Audit Fees	0.06	0.06
Expenses	0.01	-
Total	**2.25**	**2.27**

* Excludes an amount of Rs. 0.65 crores related to certification work for Qualified Institutions Placement during the year (previous year Rs. 1.15 crores related to certification work for rights issue) which have been adjusted against Securities Premium Account.

33. Expenses include following payments to Managing Director

		(Rs. in Crores)
Salary	3.30	2.99
Contribution to Provident Fund & Superannuation Fund	0.88	0.73
Special Allowance	2.82	2.15
Performance Linked Pay	3.99	3.60
Perquisites	1.16	0.72
Leave Travel Assistance	1.00	0.90
Total	**13.15**	**11.09**

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall company basis and accordingly have not been considered in the above information. Compensation under Employee Stock Option Scheme has also not been considered in the above information.

34. Computation of Other Directors' Commission

Computation of net profit in accordance with sections 198 and 309 (5) of the Companies Act, 1956

		(Rs. in Crores)
Profit before extraordinary items and tax	**2,264.56**	**2,690.32**
Add:		
Other Directors' remuneration	14.00	7.50
Directors' fees	0.05	0.06
Doubtful debts provision / (written back) - net	16.97	1.98
(Profit) / Loss on Fixed Assets sold / discarded (net)	1.22	(6.40)
Diminution in carrying cost of investments / (written back)	0.29	(8.66)
	2,297.09	**2,684.80**
Less:		
Profit on sale of Investments (net)	27.74	85.76
Net Profit for the year	**2,269.35**	**2,599.04**
Other Directors' Commission –1% of the above profit	22.69	25.99
Restricted to maximum amount payable	14.00	7.50

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(Rs. in Crores)

	2009-10	2008-09
35. Capital work-in-progress includes		
Pre-operative expenses pending allocation:-		
Raw Materials Consumed	2.71	10.73
Power & Fuel	1.21	4.07
Salary, Wages, Bonus, Ex-gratia, Pension and Provisions	17.69	6.78
Raw Water Charges and Cess	0.01	0.02
Insurance	5.12	0.40
Technology Fee	95.49	-
Consultancy expenses	36.83	0.16
Miscellaneous expenses	57.58	6.11
	216.64	**28.27**
Add: Brought Forward from previous year	30.17	23.26
Sub Total	**246.81**	**51.53**
Less: Allocated to Fixed Assets	6.19	21.36
Balance	**240.62**	**30.17**

36. Remittance of Dividend on Equity Shares/GDRs in Foreign Currency

No. of Non-Resident Shareholders	489	597
No. of Shares held		
- Fully Paid up	200,109,511	165,730,039
- Partly Paid up	-	-
Dividend (Rs. in Crores)	27.01	30.66

37. The amount transferable to Investor Education and Protection Fund does not include any amount due and outstanding to be transferred to said fund except Rs. 0.07 crores (previous year Rs. 0.07 crores) which is held in abeyance due to legal case pending.

38. Information related to Micro, Small and Medium Enterprises Development Act, 2006 (the Act) is disclosed hereunder. The information given below has been determined to the extent such parties have been identified on the basis of information available with the Company:

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
(a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year.	1.05	-
(ii) Interest due on above.	-	-
Total	**1.05**	**-**
(b) Amount of Interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year.	-	-
(c) Amount of interest accrued and remaining unpaid at the end of the financial year.	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

39. Additional information pursuant to paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 (As amended)

(a) **Particulars in respect of Goods manufactured: -**

Class of goods	Installed Capacity				Actual Production			Stock of Goods Produced							
								Opening				Closing			
	Qty.			Qty.	Qty.		Qty.	01.04.09		01.04.08		31.03.10		31.03.09	
	2009-10 Tonnes			2008-09 Tonnes	2009-10 Tonnes		2008-09 Tonnes	Qty. Tonnes	Value (Rs. Crore)	Qty. Tonnes	Value (Rs. Crore)	Qty. Tonnes	Value (Rs. Crores)	Qty. Tonnes	Value (Rs. Crores)
Aluminium Metal	500,000	*		488,000	555,404		523,453	326	2.35	254	1.81	175	1.10	3 26	2.35
Rolled Products	205,000			205,000	205,265	(#)	181,784	5,734	54.89	3,734	32.44	5,044	47.55	5,734	54.89
Extruded Products	31,000			31,000	38,909	(@)	35,895	1,052	10.09	906	8.02	900	8.59	1,052	10.09
Conductor Redraw Rods	56,400			56,400	91,903		74,968	98	0.67	44	0.32	37	0.26	98	0.67
Aluminium Foil	40,000			40,000	16,920	($)	22,046	320	5.37	699	9.19	278	4.06	320	5.37
Aluminium Wheel	-	**		300,000	1,792		141,030	8,296	1.69	11,634	1.67	-	-	8,296	1.69
	Pcs			Pcs	Pcs		Pcs	Pcs	-	Pcs	-	Pcs	-	Pcs	-
Hydrate & Alumina	1,500,000			1,500,000	1,307,323		1,237,284	19,064	23.50	37,342	50.29	31,721	50.21	19,064	23.50
Electricity	1,109.2		MW	1,109.2	9,314	MU	8,827	-	-	-	-	-	-	-	-
Electricity (Co-generation)	248.8	***	MW	242.8	1,508	MU	1,446	-	-	-	-	-	-	-	-
Continuous Cast Copper Rods (CCR)	142,200	****		97,200	147,220		145,542	597	11.24	1,556	45.93	471	16.26	597	11.24
Copper cathodes	500,000			500,000	333,360		300,862	217	4.03	3,036	90.67	2,348	80.22	217	4.03
Sulphuric Acid	1,670,000			1,670,000	1,042,799		999,253	21,929	-	34,320	2.55	49,932	4.16	21,929	-
Phosporic Acid	180,000			180,000	85,187		80,245	-	-	-	-	-	-	-	-
DAP & complexes	400,000			400,000	182,378		170,176	8	0.02	5,476	9.27	5,610	10.19	8	0.02
Gold	15			15	9.116		4.872	0.381	42.46	0.001	0.10	0.015	2.05	0.381	42.46
Silver	150			150	44.856		37.307	1.350	2.69	0.021	0.04	0.881	1.96	1.350	2.69
Others									2.74		2.90		2.34		2.74
TOTAL									161.74		255.18		228.96		161.74

The Installed Capacity is as certified by the Management and license capacity is not given as licensing is not applicable.

* Installed capacity of Hirakud Smelter increased.

** Operation at Wheel Plant, Silvassa discontinued.

*** Installed capacity of Renukoot increased.

**** Installed capacity of Dahej increased.

\# Includes 7 T (Previous Year 64 T) converted from outside party, 3,618 T (Previous year, 2,753 T) being production out of customers' material and 21,461 (Previous year 30,438 T) transferred for captive consumption.

@ Include 1 T (Previous year 23 T) converted from outside party and 67 T (Previous year 81 T) transferred for captive consumption. Alumina includes 1,053,571 T (1,017,211 T) transferred for own consumption/ further processing.

$ Includes 0 T (previous year 191 T) being production out of customers material / transferred for own consumption/ further processing. Production of CCR, Copper cathodes, Sulphuric acid, and Phosphoric acid include 1,182 T, 148,424 T, 251,654 T and 85,187 T (Previous year 178 T, 150,444 T, 260,448 T and 80,245 T) respectively which have been captively consumed / to be consumed.

During the year production and standardization loss of DAP & complexes is 302 T (Previous Year is 336 T).

Previous year figures have been regrouped / rearranged wherever necessary.

(b) **CIF value of imports** (Excluding goods in transit and imported items purchased locally):-

(Rs. in Crores)

Particulars	2009-10	2008-09
(i) Raw materials	11,521.42	7,936.56
(ii) Coal	136.97	228.04
(iii) Components & Spare parts	242.36	64.05
(iv) Capital Goods	89.01	78.83
(v) Trading Goods	71.99	112.63
(vi) Furnace Oil	-	30.50

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SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(c) **Value of Raw Materials, Stores and Spare parts Consumed**

(Rs. in Crores)

Particulars	2009-10		2008-09	
	Consumption	% of Total Consumption	Consumption	% of Total Consumption
(i) Raw Materials:				
Total	**13,225.68**		**10,331.09**	
Imported	11,872.54	89.77	9,003.62	87.15
Indigenous	1,353.14	10.23	1,327.47	12.85
(ii) Stores and Spare parts:				
Total	**369.11**		**359.75**	
Imported	36.19	9.80	36.31	10.09
Indigenous	332.92	90.20	323.44	89.91

(d) **Particulars in respect of Traded Goods**

Particulars	2009-10				2008-09			
	Quantity (M.T)		Value (Rs. in Crores)		Quantity (M.T)		Value (Rs. in Crores)	
	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale
Ammonia	8,750	8,750	11.99	12.27	11,750	11,750	15.64	15.85
Coal	-	-	-	-	66,013	66,013	34.57	38.93
Copper Cathode	2,408	2,408	60.00	60.49	1,775	1,775	62.43	62.82
Others	-	15	-	0.41	20	5	0.40	0.14

Note : Sale figures are included in Schedule '14'

(e) **Expenditure in Foreign Currency (Paid or Provided)**

(Rs. in Crores)

	2009-10	2008-09
Technical know-how & Professional Fee	69.77	162.44
Foreign Travelling	1.44	1.27
Commission	13.34	12.34
Interest	64.39	117.26
Others	2.98	1.96

(f) **Earnings in Foreign Exchange**

Export of Goods on FOB basis	5,267.58	5,148.18
Others	11.06	6.22

40. Figures of the previous year have been regrouped / rearranged wherever necessary.

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SCHEDULE '19'(Cont'd)

NOTES ON ACCOUNTS (Cont'd)

41. **Balance Sheet Abstract and Company's General Business Profile**

I. REGISTRATION DETAILS

Registration No. 11-11238 Balance Sheet Date 31 03 2010 (Date Month Year)

State Code 11

II. CAPITAL RAISED DURING THE YEAR (Rs. in Crores)

Public/Euro Issue: NIL	QIP Issue: 2790.10
Bonus Issue: NIL	Private Placement: NIL
Share Warrants: NIL	Employee Stock Option: 0.61

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in Crores)

Total Liabilities: 41782.73	**Total Assets**: 41782.73
Sources of Funds:	
Paid-up Capital: 1911.37	Secured Loans: 5153.90
Employee Stock Options Outstanding: 3.99	Unsecured Loans: 1203.00
Reserves & Surplus: 27715.61	Deferred Tax Liability (Net): 1366.44
Application of Funds:	
Net Fixed Assets: 11437.61	Investments: 21480.83
Net Current Assets: 2715.87	Misc. Expenditure: NIL
Accumulated Losses: NIL	

IV. PERFORMANCE OF THE COMPANY (Rs. in Crores)

Turnover/Income: 19796.13	Total Expenditure: 17531.57
Profit/Loss Before Extraordinary Item & Tax: +2264.56	Profit/Loss After Extraordinary Item & Tax: +1915.63
Basic EPS (in Rs.): 10.82	Diluted EPS (in Rs.): 10.81
Dividend %*: 135.00	

* Proposed

V. GENERIC NAMES OF FIVE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. (ITC Code)	7601
Product Description	ALUMINIUM INGOTS
Item Code No. (ITC Code)	7606
Product Description	ALUMINIUM ROLLED PRODUCTS
Item Code No. (ITC Code)	7605
Product Description	ALUMINIUM REDRAW RODS
Item Code No. (ITC Code)	740311
Product Description	COPPER CATHODES
Item Code No. (ITC Code)	74071 0
Product Description	CONTINUOUS CAST COPPER RODS

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

(Rs. in Crores)

	Name of the Subsidiary Companies	Financial year of the Subsidiary ended on	Extent of the Holding Company's interest (%)	Net aggregate amount of the Profit/(Loss) of the Subsidiary, so far as it concerns the members of the Holding Company				Additional Informations under Sec. 212 (5)
				Not dealt with in the Holding Company's Accounts		Dealt with in the Holding Company's Accounts		
				For the Financial Year of the Subsidiary	For the previous Financial Years since they become Subsidiary	For the Financial Year of the Subsidiary	For the previous Financial Years since they become Subsidiary	
1	Indal Exports Limited	31.03.2010	100.00%	(0.00)	(0.03)	Nil	Nil	N.A.
2	Minerals & Minerals Limited	31.03.2010	100.00%	0.01	1.12	Nil	Nil	N.A.
3	Renuka Investments & Finance Limited	31.03.2010	100.00%	2.41	32.29	Nil	0.65	N.A.
4	Renukeshwar Investments & Finance Limited	31.03.2010	100.00%	0.90	23.82	Nil	0.10	N.A.
5	Suvas Holdings Limited	31.03.2010	51.00%	Nil	Nil	Nil	Nil	N.A.
6	Utkal Alumina International Limited	31.03.2010	100.00%	(15.41)	Nil	Nil	Nil	N.A.
7	Aditya Birla Chemicals (India) Limited	31.03.2010	54.65%	33.20	103.93	1.80	6.54	N.A.
8	Hindalco-Almex Aerospace Limited	31.03.2010	70.00%	(4.62)	(10.71)	Nil	Nil	N.A.
9	HAAL USA Inc $	31.03.2010	70.00%	0.09	(0.01)	Nil	Nil	N.A.
10	Lucknow Finance Company Limited	31.03.2010	100.00%	1.83	6.80	Nil	Nil	N.A.
11	Dahej Harbour and Infrastructure Limited	31.03.2010	100.00%	46.03	214.02	Nil	Nil	N.A.
12	East Coast Bauxite Mining Company Private Limited	31.03.2010	74.00%	(0.00)	(0.00)	Nil	Nil	N.A.
13	Tubed Coal Mines Limited	31.03.2010	60.00%	(0.04)	Nil	Nil	Nil	N.A.
14	Mauda Energy Limited	31.03.2010	100.00%	Nil	Nil	Nil	Nil	N.A.
15	Aditya Birla Minerals Limited - Consolidated *	31.03.2010	51.00%	126.24	(13.71)	Nil	65.05	N.A.
16	Birla Resources Pty Limited *	31.03.2010	100.00%	0.00	(8.68)	Nil	Nil	N.A.
17	A V Minerals (Netherlands) B.V. *	31.03.2010	100.00%	(402.51)	(1090.62)	Nil	Nil	N.A.
18	A V Metals Inc # *	31.03.2010	100.00%	(0.92)	(14.32)	Nil	Nil	N.A.
19	A V Aluminum Inc # # *	31.03.2010	100.00%	(9.82)	(134.60)	Nil	Nil	N.A.
20	Novelis Inc - Consolidated # # # *	31.03.2010	100.00%	1906.52	(6174.55)	Nil	Nil	N.A.

* Translated at Average exchange rate.

$ Subsidiary of Hindalco-Almex Aerospace Limited.

Subsidiary of A V Minerals (Netherlands) B.V.

Subsidiary of A V Metals Inc.

Subsidiary of A V Aluminum Inc.

Note:

1. As the Financial Year of the Subsidary Companies coincide with the Financial Year of the Holding Company, Section 212 (5) of the Companies Act, 1956, is not applicable.

For and on behalf of the Board

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

Kumar Mangalam Birla — *Chairman*
D. Bhattacharya — *Managing Director*
M. M. Bhagat — *Director*

Dated: The 4th day of June, 2010

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AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HINDALCO INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDALCO INDUSTRIES LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES.

1) We have audited the attached consolidated balance sheet of HINDALCO INDUSTRIES LIMITED, ("the Company"), its subsidiaries, joint ventures and associates (collectively referred as "the Group") as at 31st March, 2010, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

 a) We did not audit the financial statements of certain Indian subsidiaries whose financial statements reflect total assets of Rs.2,631.08 crores as at 31st March, 2010, total revenue of Rs. 258.23 crores and net cash flow amounting to Rs 13.60 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

 b) The consolidated financial statements of foreign subsidiaries namely Novelis Inc. and Aditya Birla Minerals Ltd and the standalone financial statements of A V Minerals (Netherlands) B.V., A V Metals Inc., A V Aluminum Inc., and Birla Resources Pty Ltd. and HAAL USA INC. have not been audited by us. These financial statements have been audited by other auditors as appointed under the respective laws.

 (i) Of the above, certain foreign subsidiaries whose consolidated financial statements/financial statements reflect total assets of Rs. 36,807.57 crores as at 31st March, 2010,(net of investment of fellow foreign subsidiaries) total revenue of Rs. 41,110.47 crores and net cash flow amounting to Rs. 612.74 crores for the year then ended, have been prepared by the Management of the Company and its subsidiaries in accordance with the generally accepted accounting principles in India and other recognized accounting practices and policies followed by the Company. These financial statements have been audited by a firm of Chartered Accountants and have been included in the Consolidated financial statement of the Group on the basis of their Fit for Consolidation Report ("FFC") received from them.

 (ii) The consolidated financial statements/financial statement of certain other foreign subsidiaries have been audited by other auditors appointed under the respective laws, converted into Indian GAAP by the management to the extent possible and reviewed by us. These foreign subsidiaries reflect total assets of Rs.2,432.06 crores as at 31st March, 2010 and total revenue Rs 1,675.53 crores and net cash flow amounting to Rs 0.94 crores for the year then ended.

c) These consolidated financial statements include total assets of Rs. 19.92 crores as at 31st March, 2010 and total revenue of Rs. nil and net cash flow amounting to Rs 0.55 crores for the year then ended, being proportionate share in the foreign Joint venture Hydromine Global Minerals (GMBH) Limited which is based on financial statements audited by other firm of Chartered Accountants in accordance with Indian GAAP.

d) The Company's share of profit in associates aggregating to Rs. 66.48 crores and the net carrying cost of investment as at 31st March, 2010, of Rs 560.96 crores, have been accounted for based on audited financial statements audited by other auditors.

e) Our opinion on the figures included in the aforesaid results relating to subsidiaries, associates and joint ventures to the extent not audited/ reviewed by us, have been formed based on reports received from other auditors/ firm of Chartered Accountants .

3) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", except as

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mentioned in Para 5(b) below , Accounting Standard (AS) 23, "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial reporting on interest in Joint Venture" and other applicable Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006.

4) Paragraph 4 of the Fit for Consolidation ("FFC") reports as referred to in paragraph 2(b)(i) above states that " Based on our audit, and on the basis of the information and explanations given to us, in our opinion, the accompanying FFC consolidated financial statements of the Company read with the notes thereon and attached thereto give, before the Ultimate Holding Company level consolidation adjustments/ disclosures referred to in paragraph 2 above which have been properly carried out, a true and fair view in conformity with generally accepted accounting principles and other recognized accounting practices and policies in India".

5) Without qualifying our opinion, Attention is drawn to the following

 a) As referred in note no 13 of schedule 20, the Company has partially adopted Accounting Standard (AS) 30 on Financial Instruments: Recognition and Measurement, in so far as it relates to derivative accounting, from 1st April 2009. Accordingly, net loss arising on fair valuation of outstanding derivatives as on 1st April, 2009 amounting to Rs. 230.58 crores (net of deferred tax of Rs. 118.73 crores) has been adjusted against General Reserve following transitional provisions. Accounting for all derivatives from 1st April, 2009 have been done as prescribed under the AS. Accordingly, net gain / (loss) of Rs. (236.12) crores and Rs. 167.75 crores and Rs. 246.09 crores for the year ended 31st March, 2010 have been included under Sales and Raw Materials Consumed & Other Expenses (in Manufacturing and Other Expenses), respectively, with consequential impact on profit for the year ended 31st March, 2010.

 b) As per Scheme of Arrangement Under Section 391 to 394 of the Companies Act 1956, approved by the Honorable High Court of Mumbai, the Company has created Business Reconstruction Reserve ("BRR") during the previous year by transferring balance standing to the credit of Securities Premium Account for adjusting certain expenses as defined in the scheme. Accordingly, the management of the company, during the year has identified and adjusted impairment loss of Rs. nil (Previous Year Rs. 3,743.00 crores) and interest and other expenses of Rs. 304.39 crores (Previous Year Rs. 908.27 crores) against BRR. This has resulted in net profit of the group for the year being higher by Rs. 304.39 crores (during the previous year reported net profit of the group of Rs. 483.89 crores would have been lower by Rs. 4,651.27 crores) Refer note no 7 in schedule 20.

 c) The consolidated financial statement for the year ended 31st March, 2009 were drawn up after taking into consideration unaudited consolidated accounts of IDEA Cellular Limited (IDEA), an associate, as available then. The consolidated figures for the year ended 31st March, 2009 included in this consolidated financial statements has been restated based on the audited consolidated financial statements of IDEA. The effect of such restatement is given in note no 2 in schedule 20.

6) We report that on the basis of the information and according to the explanations given to us, and on consideration of the separate audit reports and fit for consolidation reports, we are of the opinion that the said consolidated financial statements , read together with significant accounting policies in schedule 20 and notes appearing thereon and Para 5 above , give a true and fair view in conformity with the accounting principles generally accepted in India:

 (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;

 (b) in the case of the consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date; and

 (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For Singhi & Co.,
Chartered Accountants
Firm Registration No.302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010.
1B, Old Post Office Street
Kolkata, 700 001

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Crores)

	Schedule	As at 31st March, 2010 Share in Joint Ventures	As at 31st March, 2010 Consolidated	As at 31st March, 2009 Share in Joint Ventures	As at 31st March, 2009 Consolidated
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	'1'	5.40	191.37	4.40	170.46
Advance against Equity		22.37	-	-	-
Employee Stock Options Outstanding		-	7.07	-	4.51
Reserves and Surplus	'2'	(1.59)	21,346.20	-	15,583.71
		26.18	**21,544.64**	**4.40**	**15,758.68**
LOAN FUNDS					
Secured Loans	'3'	0.40	10,762.71	-	13,024.64
Unsecured Loans	'4'	-	13,235.99	8.85	15,285.12
		0.40	**23,998.70**	**8.85**	**28,309.76**
MINORITY INTEREST		-	1,737.18	-	1,286.55
DEFERRED TAX LIABILITY (NET)		-	3,938.20	-	2,810.56
TOTAL		**26.58**	**51,218.72**	**13.25**	**48,165.55**
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	'5'	0.63	45,622.14	0.30	46,219.56
Less : Depreciation		0.09	12,749.22	0.04	10,477.62
Less : Impairment		-	3,872.40	-	3,926.26
Net Block		0.54	29,000.52	0.26	31,815.68
Capital Work-in-Progress		24.62	5,800.80	9.44	2,949.45
		25.16	**34,801.32**	**9.70**	**34,765.13**
INVESTMENTS	'6'	**-**	**11,245.54**	**-**	**10,389.33**
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	'7'	-	11,275.41	-	8,524.13
Sundry Debtors	'8'	-	6,543.69	-	6,673.29
Cash and Bank Balances	'9'	1.25	2,195.39	2.12	2,191.76
Other Current Assets	'10'	0.03	56.87	-	54.64
Loans and Advances	'11'	0.56	3,117.05	1.57	2,795.54
		1.84	**23,188.41**	**3.69**	**20,239.36**
Less :					
CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	'12'	0.42	13,099.62	0.19	10,946.20
Provisions	'13'	-	4,916.96	-	6,282.48
		0.42	**18,016.58**	**0.19**	**17,228.68**
NET CURRENT ASSETS		1.42	5,171.83	3.50	3,010.68
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	'14'	**-**	**0.03**	**0.05**	**0.41**
TOTAL		**26.58**	**51,218.72**	**13.25**	**48,165.55**

Significant Accounting Policies and Notes on Accounts '20'

As per our report annexed.

For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

For and on behalf of the Board

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Crores)

	Schedule	Year ended 31st March, 2010 Share in Joint Ventures	Year ended 31st March, 2010 Consolidated	Year ended 31st March, 2009 Share in Joint Ventures	Year ended 31st March, 2009 Consolidated
INCOME					
Gross Sales and Operating Revenues	'15'	-	61,777.77	530.78	67,469.15
Less: Excise Duty		-	1,055.66	-	1,506.20
Net Sales and Operating Revenues		-	**60,722.11**	**530.78**	**65,962.95**
Other Income	'16'	0.03	322.71	25.00	691.37
		0.03	**61,044.82**	**555.78**	**66,654.32**
EXPENDITURE					
(Increase)/ Decrease in Stocks	'17'	-	(1,701.19)	0.01	2,781.46
Trade Purchases		-	73.80	0.56	116.72
Manufacturing and Other Expenses	'18'	1.59	52,603.71	384.40	60,095.25
Interest and Finance Charges	'19'	0.01	1,104.14	50.39	1,228.04
Depreciation		0.01	2,781.50	71.58	3,029.52
Impairment		-	2.10	-	8.25
		1.61	**54,864.06**	**506.94**	**67,259.24**
PROFIT BEFORE TAX		**(1.58)**	**6,180.76**	**48.84**	**(604.92)**
Provision for Current Tax		0.01	554.30	0.01	872.53
Provision for Deferred Tax		-	1,377.59	2.12	(1,689.36)
Provision for Fringe Benefit Tax		-	-	0.55	12.19
Tax adjustment for earlier years (Net)		-	(102.98)	-	(149.11)
PROFIT BEFORE MINORITY INTERESTS		**(1.59)**	**4,351.85**	**46.16**	**348.83**
Minority Interest		-	423.70	-	(171.78)
Share in (Profit)/ Loss of Associates (Net)		-	2.68	-	36.72
NET PROFIT		**(1.59)**	**3,925.47**	**46.16**	**483.89**
Balance brought forward from Previous year		-	(2,319.12)	(121.99)	(584.12)
Adjustment on Amalgamation, Acquisition and change in holding interest		-	(62.10)	75.83	18.29
Transfer from Debenture Redemption Reserve		-	87.50	-	-
BALANCE AVAILABLE FOR APPROPRIATIONS		**(1.59)**	**1,631.75**	**-**	**(81.94)**
APPROPRIATIONS					
Debenture Redemption Reserve		-	-	-	5.00
Capital Reserve		-	-	-	1.50
Capital Redemption Reserve		-	-	-	0.41
Special Reserve		-	0.48	-	0.92
Dividend on Preference Shares		-	-	-	0.02
Dividend Tax on Preference Shares		-	-	-	0.01
Proposed Dividend on Equity Shares		-	259.91	-	231.16
Tax on Proposed Dividend		-	43.48	-	39.61
Transfer to General Reserve		-	1,704.96	-	1,958.55
Balance Carried to Balance Sheet		(1.59)	(377.08)	-	(2,319.12)
		(1.59)	**1,631.75**	**-**	**(81.94)**
Earnings per Share (EPS):					
Basic EPS (in Rs.)			22.17		3.21
Diluted EPS (in Rs.)			22.16		3.21
Basic EPS before Tax adjustment for earlier years (in Rs.)			21.58		2.22
Diluted EPS before Tax adjustment for earlier years (in Rs.)			21.58		2.22
Significant Accounting Policies and Notes on Accounts	'20'				

As per our report annexed.

For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

For and on behalf of the Board

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Crores)

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax	(1.58)	6,180.76	48.84	(604.92)
Adjustment For:				
Interest and Finance Charges	0.01	1,104.14	50.39	1,228.04
Depreciation	0.01	2,781.50	71.58	3,029.52
Impairment	-	2.10	-	8.25
Unrealised Exchange (Gain)/ Loss (Net)	-	50.73	-	219.94
Employees Stock Option	-	1.00	0.90	2.99
Provisions/ Provisions written-back (Net)	0.09	(20.65)	3.04	(180.61)
Miscellaneous Expenditure written-off	0.06	0.73	-	1.12
Write-off and amortization of fair value adjustments	-	(715.14)	-	(1,151.10)
Impact of Foreign Exchange translation (Net)	-	(200.91)	-	895.27
Loss/ (Gain) on Derivative transactions (Net)	-	(2,698.97)	-	2,384.75
Investing Activities (Net)	(0.03)	(304.60)	(24.99)	(653.46)
Other Non-cash Items	-	(14.96)	-	(305.40)
Operating Profit before Working Capital changes	(1.44)	6,165.73	149.76	4,874.39
Change in Working Capital:				
Inventories	-	(3,110.95)	(1.80)	3,182.73
Trade and other Receivables	6.22	(650.75)	(75.62)	485.88
Trade Payables	0.27	3,163.31	59.59	(3,409.49)
Cash generation from Operation	5.05	5,567.34	131.93	5,133.51
Payment of Miscellaneous Expenditure	(0.02)	(0.02)	(0.02)	(0.11)
Payment of Direct Taxes	-	(635.25)	(5.75)	(843.15)
Net Cash generated/ (used) - Operating Activities	5.03	4,932.07	126.16	4,290.25
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets	(20.81)	(4,275.64)	(389.65)	(2,674.74)
Sale of Fixed Assets	-	104.84	1.16	75.95
Purchase/ Sale of Investments (Net)	-	(1,614.32)	(476.50)	4,907.15
Loans/ Repayments of Loans (Net)	-	(37.05)	-	187.82
Interest Received	-	145.30	3.17	198.18
Dividend Received	-	240.06	-	524.45
Net Cash generated/ (used) - Investing Activities	(20.81)	(5,436.81)	(861.82)	3,218.81

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Crores)

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Shares issued (Net of Expenses)	14.52	2,754.26	700.27	5,062.30
Repayment of Preference Shares Capital on Redemption	-	(0.41)	-	-
Proceeds/ Repayments of Long Term Borrowings (Net)	-	(685.44)	62.42	(10,131.78)
Proceeds/ Repayments of Short Term Borrowings (Net)	0.40	364.50	192.66	936.35
Interest and Finance Charges	(0.01)	(1,677.12)	(32.68)	(2,244.94)
Dividend Paid (including Dividend Tax)	-	(327.41)	-	(353.19)
Net Cash generated/ (used) - Financing Activities	14.91	428.38	922.67	(6,731.26)
Net Increase/(Decrease) in Cash and Cash Equivalents	(0.87)	(76.36)	187.01	777.80
Add: Opening Cash and Cash Equivalents	2.12	2,183.12	43.17	1,709.21
Add: Cash and Cash Equivalents on Amalgamation, Acquisition and change in holding interest	-	-	(228.06)	(228.06)
Add: Exchange variation on Cash and Cash Equivalents	-	80.14	-	(75.83)
Closing Cash and Cash Equivalents	**1.25**	**2,186.90**	**2.12**	**2,183.12**

Notes:

1. Closing cash & cash equivalents represents Cash and Bank Balances except Rs. 8.49 crores (Previous year Rs. 8.64 crores) lying in designated account with scheduled banks on account of unclaimed Dividend, Fractional coupons of Shares etc., which are not available for use by the Company.
2. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.
3. Figures have been regrouped/ rearranged wherever necessary.

As per our report annexed.

For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

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SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Crores)

	31st March 2010 (Numbers)	As at 31st March, 2010 Share in Joint Ventures	As at 31st March, 2010 Consolidated	As at 31st March, 2009 Share in Joint Ventures	As at 31st March, 2009 Consolidated
SCHEDULE '1'					
SHARE CAPITAL					
Authorized:					
Equity Shares of Re.1/- each.	2,100,000,000		210.00		195.00
Redeemable Cumulative Preference Shares of Rs. 2/- each	25,000,000		5.00		5.00
			215.00		**200.00**
Issued:					
Equity Shares of Re.1/- each	1,914,727,460		191.47		170.15
6% Redeemable Cumulative Preference Shares of Rs. 2/- each	-		-		0.41
			191.47		**170.56**
Subscribed and Paid-up:					
Equity Share Capital:					
Equity Shares of Re.1/- each fully paid-up	1,914,008,691	5.40	191.40	4.40	170.08
Less: Face value of Shares forfeited	546,249	-	0.05	-	0.05
		5.40	**191.35**	**4.40**	**170.03**
Add: Forfeited Shares Account (Amount Paid-up)		-	0.02	-	0.02
		5.40	191.37	4.40	170.05
Preference Share Capital					
6% Redeemable Cumulative Preference Shares of Rs. 2/- each	-	-	-	-	0.41
		5.40	**191.37**	**4.40**	**170.46**
SCHEDULE '2'					
RESERVES AND SURPLUS					
Capital Reserve		-	458.38	-	427.74
Capital Redemption Reserve		-	101.57	-	101.57
Securities Premium Account		-	3,331.55	-	770.87
Debenture Redemption Reserve		-	-	-	87.50
Business Reconstruction Reserve (refer Note No. 7 in Schedule'20')		-	3,726.11	-	4,030.50
Business Restructuring Reserve		-	1.17	-	-
Special Reserve		-	8.53	-	8.05
Foreign Currency Translation Reserve		-	(1,576.24)	-	(1,770.31)
Hedging Reserve (refer Note No. 14 (f) in Schedule'20')		-	(217.05)	-	(172.72)
Amalgamation Reserve		-	-	-	4.74
General Reserve		-	15,889.26	-	14,414.89
Profit & Loss Account Balance		(1.59)	(377.08)	-	(2,319.12)
		(1.59)	**21,346.20**	**-**	**15,583.71**
SCHEDULE '3'					
SECURED LOANS					
Debentures		-	-	-	350.00
Loans from Banks		0.40	10,761.38	-	12,673.64
Other Loans		-	1.33	-	1.00
		0.40	**10,762.71**	**-**	**13,024.64**
SCHEDULE '4'					
UNSECURED LOANS					
Fixed Deposits		-	0.33	-	1.13
Debentures/ Senior Notes		-	6,118.53	-	6,254.34
Short Term Loans:					
From Banks		-	1,814.27	-	2,533.80
From Others		-	100.00	-	-
Other Loans:					
From Banks		-	4,982.90	-	5,795.21
From Others		-	219.96	8.85	700.64
		-	**13,235.99**	**8.85**	**15,285.12**

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SCHEDULE '5'
FIXED ASSETS

(Rs. in Crores)

	ORIGINAL COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE			
	As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2010		As at 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
A. Tangible Assets																
Mining Rights	-	1,343.52	-	1,174.79	-	615.50	-	456.05	-	-	-	-	-	728.02	-	718.74
Leasehold Land	0.22	99.47	-	76.52	-	8.15	-	7.14	-	-	-	-	0.22	91.32	-	69.38
Freehold Land	0.04	1,068.43	-	1,131.13	-	59.56	-	38.67	-	22.95	-	26.65	0.04	985.92	-	1,065.81
Buildings	-	4,797.80	-	5,114.95	-	1,044.44	-	827.97	-	12.49	-	21.36	-	3,740.87	-	4,265.62
Plant and Machinery	0.07	24,866.01	0.07	24,976.31	-	9,519.90	-	7,868.62	-	239.66	-	280.93	0.07	15,106.45	0.07	16,826.76
Vehicles and Aircraft	0.04	160.17	0.04	157.77	0.01	76.16	-	67.38	-	-	-	-	0.03	84.01	0.04	90.39
Furniture and Fittings	0.18	769.61	0.19	788.56	0.05	423.91	0.04	445.88	-	-	-	-	0.13	345.70	0.15	342.68
Railway Sidings	-	55.06	-	40.66	-	13.03	-	9.37	-	-	-	-	-	42.03	-	31.29
Live Stock	-	0.08	-	0.06	-	-	-	-	-	-	-	-	-	0.08	-	0.06
B. Intangible Assets																
Goodwill	-	8,030.66	-	7,888.06	-	-	-	-	-	3,597.30	-	3,597.30	-	4,433.36	-	4,290.76
Rehabilitation Assets	-	103.90	-	64.19	-	34.07	-	26.68	-	-	-	-	-	69.83	-	37.51
Technology	-	774.70	-	871.74	-	169.26	-	128.38	-	-	-	-	-	605.44	-	743.36
Computer Software	0.08	222.64	-	184.63	0.03	146.63	-	127.69	-	-	-	0.02	0.05	76.01	-	56.92
Trade Marks	-	628.68	-	714.50	-	90.39	-	67.00	-	-	-	-	-	538.29	-	647.50
Entry/ Licence Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Relationship	-	2,080.11	-	2,339.45	-	298.27	-	218.96	-	-	-	-	-	1,781.84	-	2,120.49
Favourable Contracts	-	621.30	-	696.24	-	249.95	-	187.83	-	-	-	-	-	371.35	-	508.41
	0.63	**45,622.14**	**0.30**	**46,219.56**	**0.09**	**12,749.22**	**0.04**	**10,477.62**	**-**	**3,872.40**	**-**	**3,926.26**	**0.54**	**29,000.52**	**0.26**	**31,815.68**
C. Capital Work-in-Progress (including Incidental Expenditure during Construction period)													24.62	5,800.80	9.44	2,949.45
													25.16	**34,801.32**	**9.70**	**34,765.13**

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SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Crores)

	As at 31st March, 2010		As at 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
SCHEDULE '6'				
INVESTMENTS				
A. Long Term Investments:				
Government Securities	-	161.75	-	161.75
Shares in Associates (refer Note No. 8 in Schedule'20')	-	4,692.15	-	5,466.34
Shares, Debentures, Bonds, Units of Mutual Funds and Others	-	488.04	-	517.73
B. Current Investments:				
Shares, Debentures, Bonds, Units of Mutual Funds and Others	-	5,903.60	-	4,243.51
	-	**11,245.54**	**-**	**10,389.33**
SCHEDULE '7'				
INVENTORIES				
Stores and Spare parts	-	754.44	-	733.83
Coal and Fuel	-	119.82	-	108.19
Raw Materials	-	3,747.23	-	2,428.41
Work-in-Process	-	5,074.62	-	3,923.59
Finished Goods	-	1,557.60	-	1,318.99
Excise Duty on Stock	-	21.70	-	11.12
	-	**11,275.41**	**-**	**8,524.13**
SCHEDULE '8'				
SUNDRY DEBTORS				
Considered Good	-	6,543.69	-	6,673.29
Considered Doubtful	-	56.88	-	33.22
	-	6,600.57	-	6,706.51
Less: Provision for doubtful debts	-	56.88	-	33.22
	-	**6,543.69**	**-**	**6,673.29**
SCHEDULE '9'				
CASH AND BANK BALANCES				
Cash balance on hand	-	1.03	-	0.93
Cheques and Drafts in hand	-	26.80	-	54.44
Balance with Scheduled Banks:				
In Current Accounts	-	138.71	0.82	176.53
In Deposit Account	0.50	65.59	-	686.29
Balance with Others:				
In Current Accounts	0.75	1,138.15	1.30	864.76
In Deposit Account	-	825.11	-	408.81
	1.25	**2,195.39**	**2.12**	**2,191.76**

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(Rs. in Crores)

	As at 31st March, 2010		As at 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
SCHEDULE '10'				
OTHER CURRENT ASSETS				
Accrued Interest				
On Investments	-	3.87	-	3.94
On Inter Corporate Deposits and Deposit in Banks	0.03	2.99	-	4.48
On Others	-	4.59	-	4.72
Accrued Export and other Incentives	-	45.42	-	41.50
	0.03	**56.87**	**-**	**54.64**
SCHEDULE '11'				
LOANS AND ADVANCES				
Advances recoverable in cash or in kind or for value to be received/adjusted	0.56	1,429.53	1.57	1,472.62
Derivative Assets (refer Note No. 14 (a) in Schedule '20')	-	1,052.33	-	1,026.90
Balance with Customs, Port Trusts, Excise etc.	-	479.02	-	212.46
Inter Corporate Deposits	-	121.72	-	49.11
Trident Trust	-	34.45	-	34.45
	0.56	**3,117.05**	**1.57**	**2,795.54**
SCHEDULE '12'				
CURRENT LIABILITIES				
Acceptances	-	1,781.61	-	-
Sundry Creditors	0.27	9,742.03	0.05	6,828.21
Customers' Credit Balances and Advances against orders	-	172.54	-	198.17
Derivative Liabilities (refer Note No. 14 (a) in Schedule '20')	-	1,031.14	-	3,549.96
Investor Education and Protection Fund shall be credited by the following:				
Unpaid Dividends	-	7.26	-	7.05
Unpaid Application/Call Money due for Refund	-	0.44	-	0.45
Unpaid Redeemed Preference Shares	-	0.08	-	-
Other Liabilities	0.15	279.10	0.14	251.62
Interest accrued but not due on Debentures, Loans and Deposits	-	85.42	-	110.74
	0.42	**13,099.62**	**0.19**	**10,946.20**
SCHEDULE '13'				
PROVISIONS				
Provision for Taxation (Net)	-	489.07	-	720.96
Dividends	-	259.91	-	231.15
Dividend Tax	-	43.48	-	39.61
Employee Benefits	-	2,646.28	-	2,910.36
Other Provisions	-	1,478.22	-	2,380.40
	-	**4,916.96**	**-**	**6,282.48**
SCHEDULE '14'				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Compensation under VRS	-	-	-	0.28
Others	-	0.03	0.05	0.13
	-	**0.03**	**0.05**	**0.41**

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(Rs. in Crores)

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
SCHEDULE '15'				
GROSS SALES AND OPERATING REVENUES				
A. Sales and Services				
Net Sales	-	60,562.55	530.41	65,752.41
Excise Duty	-	1,055.66	-	1,506.20
Gross Sales	**-**	**61,618.21**	**530.41**	**67,258.61**
B. Operating Revenues				
Export and other Incentives	-	59.58	-	89.74
Miscellaneous Receipts and Claims	-	99.98	0.37	120.80
	-	**159.56**	**0.37**	**210.54**
	-	**61,777.77**	**530.78**	**67,469.15**
SCHEDULE '16'				
OTHER INCOME				
Rent Received	-	5.43	-	5.92
Profit/(Loss) on Fixed Assets sold/discarded (Net)	-	(16.96)	0.06	(9.52)
Income from Current Investments:				
Dividend	-	128.12	-	337.54
Profit/(Loss) on sale of Investments (Net)	-	37.69	13.66	22.36
Change in carrying amount of Investments (Net)	-	(0.18)	-	8.33
Income from Long Term Investments:				
Interest	-	18.36	-	14.34
Dividend	-	18.72	-	24.44
Profit/(Loss) on sale of Investments (Net)	-	2.10	-	81.41
(Diminution)/ write back in carrying cost of Investments (Net)	-	(0.11)	-	0.33
Interest from Inter Corporate Deposits and Deposit in Banks	0.03	15.25	11.28	28.68
Interest from Others	-	101.61	-	145.55
Miscellaneous Income	-	12.68	-	31.99
	0.03	**322.71**	**25.00**	**691.37**
SCHEDULE '17'				
(INCREASE)/ DECREASE IN STOCKS				
Opening Stocks:				
Work-in-Process	-	3,923.59	-	5,390.31
Finished Goods	-	1,330.11	-	1,801.48
	-	5,253.70	-	7,191.79
Less: Closing Stocks:				
Work-in-Process	-	5,074.62	-	3,923.59
Finished Goods	-	1,579.30	-	1,330.11
	-	6,653.92	-	5,253.70
	-	(1,400.22)	-	1,938.09
Less: Stock on Acquisition/ Amalgamation	-	-	(0.01)	(0.01)
Less: Change in Excise Duty on Stock	-	(10.58)	-	17.38
Less: Currency Translation Adjustment	-	311.55	-	(860.74)
	-	**(1,701.19)**	**0.01**	**2,781.46**

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(Rs. in Crores)

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Share in Joint Ventures	Consolidated	Share in Joint Ventures	Consolidated
SCHEDULE '18'				
MANUFACTURING AND OTHER EXPENSES				
Raw Materials Consumed	-	38,100.38	-	40,355.62
Power and Fuel	-	3,345.14	26.57	3,639.30
Payments to and Provisions for Employees				
Salaries, Wages and Bonus	-	4,184.50	24.64	4,111.62
Contribution to Provident and other Funds	-	221.61	1.59	137.36
Employees Welfare	-	658.90	1.09	1,091.42
Other Expenses				
Consumption of Stores and Spare parts	-	2,190.31	4.89	2,038.40
Repairs to Buildings	-	183.88	0.11	204.25
Repairs to Machinery	-	836.97	12.69	1,128.75
Rates and Taxes	0.01	92.79	59.25	144.74
Rent	-	177.52	14.73	197.00
Insurance	-	118.05	0.42	121.06
Auditors' Remuneration	0.03	37.68	0.13	34.52
Research and Development	-	186.99	-	195.21
Discount on Sales	-	21.02	-	17.62
Commission on Sales	-	37.34	22.20	68.13
Freight and Forwarding (Net)	-	1,640.79	-	1,960.59
Provision for doubtful debts/(written back) (Net)	-	26.40	1.60	11.24
Bad Debts written off	-	0.40	-	0.63
Donation	-	50.80	-	32.63
Directors' Fees	-	3.02	0.01	3.46
Directors' Commission	-	14.00	-	7.50
Miscellaneous Expenditure written off	0.06	0.73	-	1.12
Incidental Expenditure written off (Net)	0.08	11.58	-	8.73
Liability no longer required written back (Net)	-	(143.01)	(0.42)	(170.75)
(Gain)/Loss on Change in Fair Value of Derivatives (Net)	-	(1,159.32)	-	2,553.36
Miscellaneous	1.41	1,765.24	214.90	2,201.74
	1.59	**52,603.71**	**384.40**	**60,095.25**
SCHEDULE '19'				
INTEREST AND FINANCE CHARGES				
Interest on Debentures and other Fixed Loans	-	983.51	48.26	1,138.50
Interest on Others	0.01	245.87	0.89	167.22
Other Finance Charges	-	210.54	1.24	255.04
	0.01	**1,439.92**	**50.39**	**1,560.76**
Less: Interest Capitalised	-	335.78	-	332.72
	0.01	**1,104.14**	**50.39**	**1,228.04**

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SCHEDULE '20'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) relate to Hindalco Industries Limited (the Company), its Subsidiaries and its interest in Joint Ventures and Associates (the Group). The CFS have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" (AS 21), Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" (AS 23) and Accounting Standard 27 on "Financial reporting of interests in Joint Ventures" (AS 27) and are prepared on the following basis:

(a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits/ losses in period end inventories. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit/ loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:

i. The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
ii. The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
iii. The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
iv. The excess of loss over the minority interest in the equity, is adjusted against General Reserve of the Company.

(b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".

(c) Investments in Associates are accounted for using equity method in accordance with AS 23. For this purpose investments are initially recorded at cost. Any goodwill/capital reserves arising at the time of acquisition are identified and carrying amount of investment are adjusted thereafter for the post acquisition share of profits or losses. Adjustment for any change in equity that has not been included in the profit and loss account are directly made in the carrying amount of investments without routing it through the consolidated profit and loss account. The corresponding debit/credit are made in the relevant head of the equity interest in the consolidated balance sheet.

(d) Interests in jointly controlled entities, where the Company is a direct venturer, are accounted for using proportionate consolidation in accordance with AS 27. The difference between costs of the Company's interests in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the CFS as Goodwill or Capital Reserve as the case may be.

(e) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with generally accepted accounting principles in India, applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956 of India.

2. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

(a) Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

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SCHEDULE '20' (Contd.)

(b) Intangible Assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

(c) Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.

4. **Depreciation and Amortization**

(a) Depreciation on Fixed Assets are provided using straight line method based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.

(b) Leasehold lands (including mining rights) are amortized over the period of lease on straight line basis.

(c) Intangible assets, other than Goodwill, are amortized over their estimated useful lives on straight line basis.

(d) Depreciation on assets acquired under finance lease is spread over the lease term.

5. **Impairment**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value (being higher of value-in-use and net selling price). Value-in-use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount except in the case of goodwill for which specific external event of an exceptional nature that caused impairment loss has actually reversed the effect of that event.

6. **Leases**

(a) Lease payments under an operating lease are recognized as expense in the profit and loss account as per terms of lease agreement.

(b) Finance leases prior to 1st April, 2001: Lease rental recognized as expense in the profit and loss account as per terms of lease agreement.

(c) Finance leases on or after 1st April, 2001: The lower of the fair value of the assets and the present value of the minimum lease rental is recorded as fixed assets with corresponding amount shown as unsecured Loan. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account as interest cost.

7. **Investments**

(a) Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b) Current investments are stated at lower of cost and fair value.

8. **Inventories**

(a) Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

(b) Inventories of items other than those stated above are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(c) Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

9. **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.

10. **Employee benefits**

Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end using the Projected unit credit method. Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

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11. Employee Stock Option Scheme

In respect of stock option granted to employees pursuant to the Company's stock option schemes, accounting is done as per the intrinsic value method permitted by the SEBI guidelines, 1999 and the Guidance Note on Share Based Payment issued by the ICAI. The excess of market price of share as on date of grant of option over the exercise price is recognized as deferred employee compensation and is charged to Profit & Loss Account on straight line basis over the vesting period.

12. Revenue Recognition

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals can not be ascertained with reasonable certainty, are accounted on acceptance basis.

13. Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14. Taxation

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

15. Derivative Financial Instruments

(a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the Company's products are minimized by undertaking appropriate hedging transactions. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date.

(b) For derivative financial instruments designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedging Reserve and reclassified to 'Sales', 'Raw Materials Consumed', 'Interest' and 'Other Expenses' in the period in which the Profit and Loss is impacted by the hedged items or in the period when the hedge relationship no longer qualifies as cash flow hedge. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Profit and Loss Account.

(c) For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in 'Sales', 'Raw Materials Consumed', 'Interest' or 'Other Expenses' in the Profit and Loss Account till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Profit and Loss Account.

(d) For derivative financial instruments designated as Net Investment Hedges in Foreign Operations gains and losses on derivative instruments are included, net of taxes, to the extent the hedges are effective, in the Foreign Currency Translation Reserve. The ineffective portions of net investments hedges in foreign operations, if any, are recognized as gains or losses and included in 'Other Expenses'.

(e) If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Profit and Loss Account and included in 'Other Expenses'.

16. Research and Development

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

17. Government Grants

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

18. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a

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SCHEDULE '20' (Contd.)

possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent asset is neither recognized nor disclosed in the financial statements.

C. NOTES ON ACCOUNTS

1. (a) The list of subsidiaries, joint ventures and associates which are included in the CFS of the Group and the Group's effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest
Indal Exports Limited	Subsidiary	India	100.00%
Minerals & Minerals Limited	Subsidiary	India	100.00%
Aditya Birla Chemicals (India) Limited	Subsidiary	India	54.65%
Utkal Alumina International Limited	Subsidiary	India	100.00%
Suvas Holdings Limited	Subsidiary	India	51.00%
Renukeshwar Investments & Finance Limited	Subsidiary	India	100.00%
Renuka Investments & Finance Limited	Subsidiary	India	100.00%
Dahej Harbour and Infrastructure Limited	Subsidiary	India	100.00%
Lucknow Finance Company Limited	Subsidiary	India	100.00%
Hindalco-Almex Aerospace Limited	Subsidiary	India	70.00%
HAAL USA Inc. *	Subsidiary	USA	70.00%
Tubed Coal Mines Limited	Subsidiary	India	60.00%
East Coast Bauxite Mining Company Private Limited	Subsidiary	India	74.00%
Mauda Energy Limited **	Subsidiary	India	100.00%
Birla Resources Pty Limited	Subsidiary	Australia	100.00%
Aditya Birla Minerals Limited (Consolidated)	Subsidiary	Australia	51.00%
AV Minerals (Netherlands) B.V	Subsidiary	Netherland	100.00%
AV Metals Inc	Subsidiary	Canada	100.00%
AV Aluminum Inc.	Subsidiary	Canada	100.00%
Novelis Inc. (Consolidated)	Subsidiary	Canada	100.00%
Mahan Coal Limited	Joint Venture	India	50.00%
Hydromine Global Minerals (GMBH) Limited	Joint Venture	British Virgin Islands	45.00%
IDEA Cellular Limited	Associate	India	6.92%
Aditya Birla Science & Technology Company Limited	Associate	India	49.00%

* Group's proportion of voting power is 100%.
** Incorporated during the current year.

(b) For the purpose of consolidation, the audited consolidated financial statements of Aditya Birla Minerals Limited reflecting consolidation for following entities as at 31st March, 2010 prepared in accordance with International Financial Reporting Standards have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest#
Birla Maroochydore Pty Limited	Subsidiary	Australia	51.00%
Birla Nifty Pty Limited	Subsidiary	Australia	51.00%
Birla Mt Gordon Pty Limited	Subsidiary	Australia	51.00%

Group's proportion of voting power is 100%.

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(c) For the purpose of consolidation, the consolidated financial statements of Novelis Inc. reflecting consolidation for following entities as at 31st March, 2010 have been prepared in accordance with Generally Accepted Accounting Principles in India and other recognized accounting practices and policies followed by the Company.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest
Novelis Belgique SA	Subsidiary	Belgium	100.00%
Novelis Benelux NV	Subsidiary	Belgium	100.00%
Albrasilis - Aluminio do Brasil Industria e Comercia Ltda	Subsidiary	Brazil	99.99%
Novelis do Brasil Ltda	Subsidiary	Brazil	99.99%
4260848 Canada Inc	Subsidiary	Canada	100.00%
4260856 Canada Inc.	Subsidiary	Canada	100.00%
Novelis Cast House Technology Ltd.	Subsidiary	Canada	100.00%
Novelis No. 1 Limited Partnership	Subsidiary	Canada	100.00%
Novelis Foil France SAS	Subsidiary	France	100.00%
Novelis Lamines France SAS	Subsidiary	France	100.00%
Novelis PAE SAS	Subsidiary	France	100.00%
Novelis Aluminium Beteiligungs GmbH	Subsidiary	Germany	100.00%
Novelis Deutschland GmbH	Subsidiary	Germany	100.00%
Novelis Aluminium Holding Company	Subsidiary	Ireland	100.00%
Novelis Italia SpA	Subsidiary	Italy	100.00%
Novelis Luxembourg SA	Subsidiary	Luxembourg	100.00%
Aluminum Company of Malaysia Berhad	Subsidiary	Malaysia	58.24%
Alcom Nikkei Specialty Coatings Sdn Berhad #	Subsidiary	Malaysia	58.24%
Al Dotcom Sdn Berhad #	Subsidiary	Malaysia	58.24%
Novelis (India) Infotech Ltd.	Subsidiary	India	100.00%
Novelis de Mexico SA de CV	Subsidiary	Mexico	100.00%
Novelis Korea Ltd.	Subsidiary	South Korea	67.90%
Novelis AG	Subsidiary	Switzerland	100.00%
Novelis Switzerland SA	Subsidiary	Switzerland	100.00%
Novelis Technology AG	Subsidiary	Switzerland	100.00%
Novelis Europe Holdings Limited	Subsidiary	UK	100.00%
Novelis UK Ltd.	Subsidiary	UK	100.00%
Aluminum Upstream Holdings LLC (Delaware)	Subsidiary	USA	100.00%
Eurofoil, Inc. (USA) (New York)	Subsidiary	USA	100.00%
Logan Aluminium Inc. (Delaware) ##	Subsidiary	USA	40.00%
Novelis Corporation (Texas)	Subsidiary	USA	100.00%
Novelis Madeira, Unipessoal, Limited	Subsidiary	Portugal	100.00%
Novelis Services Limited	Subsidiary	UK	100.00%
Novelis Brand LLC (Delaware)	Subsidiary	USA	100.00%
Novelis PAE Corp (Delaware)	Subsidiary	USA	100.00%
Novelis South America Holdings LLC	Subsidiary	USA	100.00%
Evermore Recycling LLC	Subsidiary	USA	55.80%
Consorcio Candonga	Associate	Brazil	50.00%
France Aluminium Recyclage SA	Associate	France	20.00%
Aluminium Norf GmbH	Associate	Germany	50.00%
Deutsche Aluminium Verpackung Recycling GmbH	Associate	Germany	30.00%
MiniMRF LLC (Delaware)	Associate	USA	50.00%

Group's proportion of voting power is 100%.

Subsidiary on account of management control.

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2. The CFS for the year ended 31st March, 2009 was drawn up after taking into consideration unaudited consolidated accounts of IDEA Cellular Limited (IDEA) as available then. Since audited accounts of IDEA is now available, the consolidated figures for the year ended 31st March, 2009 included in this CFS have been restated as under based on audited consolidated accounts of IDEA:

(Rs. in Crores)

BALANCE SHEET:	Original	Restated
Reserves and Surplus		
Securities Premium Account	810.94	770.87
Profit and Loss Account Balance	(2,317.70)	(2,319.12)
Investments		
Long Term Investments - Shares in Associates	5,507.83	5,466.34
PROFIT AND LOSS ACCOUNT:		
Share in (Profit)/ Loss of Associates (Net)	35.30	36.72
Net Profit	485.31	483.89
Balance Carried to Balance Sheet	(2,317.70)	(2,319.12)

3. Tax adjustment for earlier years (net) includes write back of provision for tax resulting from change in estimation of tax liability on progress in tax assessments.

4. (a) In view of different sets of environment in which Australian subsidiaries namely Aditya Birla Minerals Ltd., Birla Nifty Pty Ltd., Birla Mt. Gordon Pty Ltd and Birla Resources Pty Ltd. are operating, Accounting policies followed in respect of following item by them is different from the accounting policies followed by the Company.

	Accounting Policies		Rs. in Crore		Proportion (%)	
	Parent	Subsidiary	2009-10	2008-09	2009-10	2008-09
Environment & rehabilitation expenditure	The cost of reclamation of mined out land, forestation are treated as other expenses as part of manufacturing & other expenses when cost incurred.	Provision for estimated future cost of environmental and rehabilitation using net present value are made and capitalized as mine properties and amortized over remaining life of the mine. Any change in net present value at Balance sheet date is considered as borrowing cost.	98.77	64.19	100	100

(b) In view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and by use of management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the management is of the opinion that provision of such depreciation is adequate.

5. (a) The Authorized Capital of the Company has increased from Rs. 200.00 crores to Rs. 215.00 crores by way of increase of 150,000,000 equity shares of Re. 1 each pursuant to a resolution passed at the Annual general meeting held on 18th September, 2009.

(b) Upon allotment of 213,147,391 equity shares of Re. 1 each at a premium of Rs. 129.90 through Qualified Institutions Placement (QIP) on 1st December, 2009, paid-up capital of the Company has increased by Rs. 21.31 crores. The total amount received against QIP is Rs. 2,790.10 crores. Out of this amount Rs. 396 crores has been spent for various ongoing projects (including issue related expenses) till 31st March, 2010 and the balance amount has been invested temporarily in mutual funds.

6. In line with accounting policy, the carrying amount of goodwill associated with Novelis Inc. has been tested for impairment as on 31st March, 2010. Accordingly Rs. Nil (Previous year Rs. 3,597.30 crores) has been ascertained as impairment loss of goodwill.

7. (a) The Company has formulated a scheme of financial restructuring under Sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the

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High Court of judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") has been created during the previous year by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly, Rs. 8,647.37 crores has been transferred to BRR during the previous year and the following expenses have been adjusted against the same as per the Scheme.

(Rs. in Crores)

	2009-10	2008-09
Opening Balance	4,030.50	-
Add: Transfer from Securities Premium Account as per Scheme	-	8,647.37
Less: Adjustments made:		
i. Impairment of goodwill arising on consolidation of Novelis Inc. while preparing consolidated accounts of the Group.	-	3,597.30
ii. Impairment of fixed assets	-	111.30
iii. Interest and Finance Charges on loan taken by A V Minerals (Netherlands) B.V., subsidiary of the Company, for acquisition of Novelis Inc. by the Company.	304.39	544.47
iv. Costs in connection with exiting business.	-	363.62
v. Certain costs in connection with the Scheme.	-	0.18
Closing balance	3,726.11	4,030.50

(b) Had the Scheme not prescribed aforesaid treatment, the impact would have been as under:

i) Profit and Loss Account line items higher/(lower) by:

(Rs. in Crores)

	For the year ended	
	31.03.2010	31.03.2009
Impairment	-	3,743.00
Manufacturing and Other Expenses	-	363.80
Interest and Finance Charges	304.39	544.47
Profit before Tax	(304.39)	(4,651.27)
Provision for Deferred Tax	-	(34.40)
Net Profit	(304.39)	(4,616.87)

ii) Balance Sheet line items higher/(lower) by:

(Rs. in Crores)

	For the year ended	
	31.03.2010	31.03.2009
Reserves and Surplus:		
Securities Premium Account	8,647.37	8,647.37
Business Reconstruction Reserve	(3,726.11)	(4,030.50)
Profit & Loss Account Balance	(4,921.26)	(4,616.87)

iii) Earning per Share (EPS) would have been as under:

	For the year ended	
	31.03.2010	31.03.2009
Basic EPS (in Rs.)	20.45	(27.45)
Diluted EPS (in Rs.)	20.44	(27.45)
Basic EPS before Tax adjustment for earlier years (in Rs.)	19.87	(28.44)
Diluted EPS before Tax adjustment for earlier years (in Rs.)	19.86	(28.44)

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8. The carrying amount of investment in the Associates includes Rs. 3,476.71 crores (Previous year Rs. 3,951.13 crores) towards goodwill.

9. During the year, a scheme of amalgamation (the Scheme) of Spice Communications Limited with the IDEA Cellular Limited (IDEA), an associate of the Company, was approved by the Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi and became effective on 1st March, 2010. Accordingly, IDEA has made certain accounting adjustment as prescribed in the Scheme. Had the Scheme not mandated the specific accounting treatment done by IDEA, our share in profit of the IDEA and the carrying amount of investment in IDEA would have been lower by Rs. 30.57 crores.

10. The Company has not chosen the option of adjusting exchange difference on long term foreign currency loan to the cost of the assets acquired out of these foreign currency loans issued by the Ministry of Corporate Affairs vide Notification (F.No. 17/33/2008/CL-V) dated 31st March, 2009. However one of the entities, included in consolidated accounts, has opted for the said option and consequently during the year Rs. 6.21 crores (Previous year Rs. 9.97 crores) of exchange differences on restatement of long term loans used for acquiring assets has been capitalized. Due to this profit of the Group for the year is lower by Rs. 6.78 crores (Previous year higher by Rs. 9.70 crores).

11. The Company has received a notice dated 24th March, 2007 from Collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of Rs. 252.96 crores is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the Collector (stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'able High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

12. Following Sponsors Undertakings have been given by the Company, along with Aditya Birla Nuvo Ltd, Grasim Industries Ltd. and Birla TMT Holdings Pvt. Ltd (the Sponsors), being promoters of IDEA Cellular Ltd.(IDEA).:-

 (a) The Sponsors shall collectively continue to hold at least 33% of the equity capital of IDEA till the end of FY 2015-16 and shall not without prior written approval of the Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 33% of shareholdings in IDEA. Consequent upon the infusion of fresh equity capital of IDEA, if the Sponsors' stake gets diluted from 40% to 33% in the equity capital of IDEA, the Sponsors agree and undertake to obtain the prior consent of the Rupee Facility Agent and in other circumstances, the Sponsors agree and undertake to obtain the prior consent of the secured lenders representing 51% of the aggregate outstanding secured loans.

 (b) The Sponsors shall collectively continue to hold 26% of the equity capital of IDEA after FY 2015-16 and shall not without the prior written approval of the Rupee Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 26% shareholdings in the capital of IDEA.

 (c) Not without prior approval of the Facility Agent in writing divest shareholdings in the equity capital of IDEA that may result in a single investor along with its affiliates holding more than 25% of the equity capital of IDEA.

13. Arising from the announcement of the Institute of Chartered Accountants of India dated 29th March, 2008 on Accounting for Derivatives, the Company has decided for early adoption of Accounting Standard (AS) 30 on Financial Instruments : Recognition and Measurement, in so far as it relates to derivative accounting, from 1st April, 2009. Accordingly, net loss arising on fair valuation of outstanding derivatives as on 1st April, 2009 amounting to Rs. 230.58 crores (net of deferred tax of Rs. 118.73 crores) has been adjusted against General Reserve following transitional provisions. Accounting for all derivatives from 1st April, 2009 have been done as prescribed under the AS. As a result, net gain / (loss) of Rs. (236.12) crores and Rs. 167.75 crores and Rs. 246.09 crores for the year ended 31st March, 2010 have been included under Sales and Raw Materials Consumed & Other Expenses (in Manufacturing and Other Expenses), respectively, with consequential impact on profit for the year ended 31st March, 2010. The figures of the current year in respect of above items are, therefore, not comparable with those of the previous year.

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SCHEDULE '20' (Contd.)

14. **Derivative Financials Instruments and Risk Management**

In the ordinary course of business, the Company is exposed to risks resulting from changes in prices of commodity, exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. It uses derivative instruments such as forwards, futures, swaps and options to manage these risks. Such derivative financial instruments are used as risk management tools only and not for speculative purposes. These derivative financial instruments reduce the impact of both favourable and unfavourable fluctuations. Except where noted, the derivative contracts are marked-to-market (MTM) and the related gains and losses are included in Profit and Loss Account in the current accounting period.

The Company's risk management activities are subject to the management, direction and control of Risk Management Board (RMB). The RMB is composed of two directors including Managing Director, Chief Financial Officer and other officers and employees selected by the Managing Director. The RMB reports to the Board of Directors on the scope of its activities.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The credit levels are reviewed to ensure that there is not an inappropriate concentration of outstanding to any particular counterparty.

Commodity Price Risk

Copper and Precious Metals: This business is conducted under a conversion model. The prices of input and output are derived from the same benchmark and/or are linked to each other through a defined formula. The objective of risk management is to attempt to use hedging to balance out the price fluctuations on the input and output side so as to 'pass through' the change in input cost to customers to make the margins immune to the fluctuations in prices of the input and output.

Aluminium: This business is vertically integrated. The main raw material viz. bauxite (mostly mined from own mines) and other purchased raw materials do not have any linkage with the output price which is Aluminium LME prices. When the prices of input(s) and output(s) do not follow the above condition, then risk management attempts to use hedging so as to protect the margins from adverse movements in prices on either side, i.e. from a rise in input cost or from a fall in output price.

As a condition of sale, customers often require the Company to enter into fixed price commitments. These commitments expose the Company to the risk of fluctuating aluminum prices between the time the order is committed and the time that the material is shipped. The Company may enter into derivative financial instruments to mitigate the risk arising out of the fixed price commitments. Consequently, the gain or loss resulting from movements in the price of aluminium on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

Natural Gas: The Company purchases natural gas on the open market in Europe, Asia and South America which exposes the Company to market pricing fluctuations. The Company mitigates the future exposure to natural gas prices through the use of forward purchase contracts.

Electricity: The Company has entered into an electricity swap in North America to fix a portion of the cost of electricity requirement in North America.

Foreign Currency Exchange Risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on our operating results. In addition to the foreign exchange flow from exports, the commodity prices in the domestic market are derived based on the landed cost of imports in India where LME prices and USD/INR exchange rate are the main factors. In case of conversion business, the objective is to match the exchange rate of outflows and related inflows through derivative financial instruments. With respect to Aluminium business where costs are predominantly in INR, the strengthening of INR against USD adversely affects the profitability of the business and benefits when INR depreciates against USD. The company enters into various foreign exchange contracts to protect profitability.

The Company enters into various cross currency swaps to manage the exposure to fluctuating exchange rate arising from loans given to and net investments made in various European subsidiaries.

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SCHEDULE '20' (Contd.)

The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign currency exchange rate movement in foreign currency contracts executed with foreign suppliers to procure capital items for its project activities.

Interest Rate Risk

The Company is exposed to changes in interest rates due to financing, investing and cash management activities. The Company enters into interest rate swap contracts to manage its exposure to changes in the benchmark LIBOR interest rate arising from various floating rate debts.

Cash Flow Hedges

For derivative financial instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on is reported as a component of Hedging Reserve and reclassified into Profit and Loss Account in the same period or periods during which the hedged transaction affects Profit and Loss Account. Gains and losses on the derivative financial instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in Profit and Loss Account.

Net Investment Hedges

For derivative instruments that are designated as hedges of net investment in foreign operations, gains and losses on derivative instruments are included (net of taxes), to the extent the hedges are effective, in Cumulative Translation Adjustment (CTA). The ineffective portions of hedges of net investments in foreign operations, if any, are recognized as gains or losses and included in 'Other Expenses' in the Profit & Loss Account.

(a) The Asset and Liability position of various derivative financial instruments outstanding as on 31-Mar-2010 is given below:

Particulars	Nature of Risk being Hedged	31-03-2010 (Rs. in Crores) Liability	Asset	Net Fair Value
Current				
Cash flow hedges				
Commodity contracts	All cash flow risk other than foreign currency	(112.65)	6.06	(106.59)
Interest rate contracts	Interest rate risk	(64.85)	-	(64.85)
Foreign currency contracts	Exchange rate movement risk	(98.71)	94.91	(3.80)
Net Investment Hedges				
Foreign currency contracts	Exchange rate movement risk	(1.50)	-	(1.50)
Non-designated hedges				
Commodity contracts		(441.98)	679.84	237.86
Foreign currency contracts		(60.70)	238.01	177.31
Total		**(780.39)**	**1,018.82**	**238.43**
Non – current				
Cash flow hedges				
Commodity contracts	All cash flow risk	(122.92)	-	(122.92)
Interest rate contracts	Interest rate risk	(8.78)	2.75	(6.02)
Foreign currency contracts	Exchange rate movement risk	(14.94)	-	(14.94)
Net Investment Hedges				
Foreign currency contracts	Exchange rate movement risk	(92.06)	-	(92.06)
Non-designated hedges				
Commodity contracts		(4.64)	26.29	21.65
Foreign currency contracts		(7.42)	4.47	(2.95)
Total		**(250.75)**	**33.51**	**(217.24)**
Grand Total		**(1,031.14)**	**1,052.33**	**21.18**

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The Asset and Liability position of various derivative financial instruments outstanding as on 31-Mar-2009 is given below:

Particulars	Nature of Risk being Hedged	31-03-2009 (Rs. in Crores) Liability	Asset	Net Fair Value
Current				
Cash flow hedges				
Commodity contracts	All cash flow risk	(30.56)	-	(30.56)
Interest rate contracts	Interest rate risk	(71.35)	-	(71.35)
Non-designated hedges				
Commodity contracts		(2,782.07)	561.27	(2,220.80)
Foreign currency contracts		(405.17)	123.86	(281.30)
Total		**(3,289.14)**	**685.14**	**(2,604.01)**
Non – current				
Cash flow hedges				
Commodity contracts	All cash flow risk	(61.05)	-	(61.05)
Interest rate contracts	Interest rate risk	(19.87)	-	(19.87)
Net Investment Hedges				
Foreign currency contracts	Exchange rate movement risk	(53.80)	-	(53.80)
Non-designated hedges				
Commodity contracts		(62.30)	188.01	125.71
Foreign currency contracts		(63.79)	153.75	89.97
Total		**(260.82)**	**341.76**	**80.95**
Grand Total		**(3,549.96)**	**1,026.90**	**(2,523.06)**

(b) The following table presents the outstanding position and fair value of various foreign exchange derivative financial instruments as of 31-Mar-2010:

Foreign currency forwards	Currency Pair	As on 31-3-2010 Average exchange rate	Notional value (in Million)	Fair Value Gain/(Loss) (Rs. In Crores)
Cash flow hedges				
Sell	USD / INR	49.55	219.63	94.47
Sell	USD/AUD	1.11	12.30	0.44
Buy	USD / INR	47.03	5.57	(0.85)
Buy	CHF / INR	48.64	3.17	(1.44)
Buy	EUR / INR	68.26	173.66	(107.69)
Buy	GBP / INR	74.91	2.93	(1.62)
Buy	NOK / INR	8.14	40.58	(2.05)
Total				**(18.74)**
Net investment hedges				
Sell	EUR / USD	1.21	162.48	(93.56)
Total				**(93.56)**
Non-Designated				
Sell	USD / INR	49.46	67.85	23.63
Sell	AUD / GBP	0.55	0.70	(0.88)
Sell	BRL / USD	0.56	16.50	(0.13)
Sell	CAD / USD	0.98	49.85	(0.29)
Sell	CHF / EUR	0.68	9.77	(10.69)
Sell	CHF / USD	0.96	22.67	(0.69)
Sell	DKK / EUR	0.13	0.30	-
Sell	EUR / USD	1.40	192.91	32.94
Sell	GBP / EUR	1.15	32.84	3.90
Sell	GBP / USD	1.57	27.59	4.10
Sell	KRW / EUR	0.00	0.34	(0.03)
Sell	KRW / USD	0.00	209.85	67.69

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SCHEDULE '20' (Contd.)

		As on 31-3-2010		
Foreign currency forwards	Currency Pair	Average exchange rate	Notional value (in Million)	Fair Value Gain/(Loss) (Rs. In Crores)
Sell	SEK / EUR	0.10	0.30	(0.00)
Sell	SEK / GBP	0.09	0.78	(0.05)
Buy	USD / INR	45.81	182.01	(10.25)
Buy	CHF / INR	47.08	0.54	(0.22)
Buy	EUR / INR	64.98	22.66	(8.77)
Buy	GBP / INR	67.97	0.33	0.02
Buy	NOK / INR	7.60	6.85	(0.02)
Buy	BRL / USD	0.50	256.03	53.95
Buy	CHF / EUR	0.68	66.23	4.94
Buy	CHF / GBP	0.60	4.38	0.94
Buy	CHF / USD	0.95	7.39	(0.04)
Buy	EUR / USD	1.41	32.74	(1.78)
Buy	GBP / EUR	1.13	89.93	2.96
Buy	GBP / USD	1.66	90.28	(12.69)
Buy	KRW / USD	0.00	260.31	25.82
Total				**174.36**

The following table presents the outstanding position and fair value of various foreign exchange derivative financial instruments as of 31-Mar-2009:

		As on 31-3-2009		
	Currency Pair	Average exchange rate	Notional value (in Million)	Fair Value Gain/(Loss) (Rs. In Crores)
Foreign currency forwards option				
Net investment hedges				
Sell	EUR / USD	1.205	649.93	(53.80)
Total				**(53.80)**
Non-Designated				
Sell	AUD / GBP	0.4389	2.26	(0.90)
Sell	CAD / EUR	0.6242	0.09	0.02
Sell	CHF / EUR	0.666	157.79	6.83
Sell	CHF / GBP	0.6104	10.71	0.29
Sell	CHF / USD	0.8721	98.13	(0.78)
Sell	EUR / USD	1.3549	284.33	23.84
Sell	GBP / EUR	1.1664	73.95	19.72
Sell	GBP / USD	1.6262	60.48	27.82
Sell	KRW / EUR	0.0005	0.53	(0.03)
Sell	KRW / USD	0.0006	54.63	(5.13)
Sell	SEK / GBP	0.0824	1.69	(0.29)
Sell	USD/AUD	1.44	34.93	5.75
Sell	USD/AUD	1.16	15.15	(16.07)
Buy	BRL / USD	0.4823	253.55	(168.78)
Buy	CAD / EUR	0.6355	0.17	(0.05)
Buy	CAD / USD	0.8253	28.65	(4.98)
Buy	CHF / EUR	0.6567	49.87	(1.69)
Buy	CHF / GBP	0.6171	2.88	(0.03)
Buy	CHF / USD	0.8603	20.09	0.45
Buy	EUR / USD	1.3568	13.78	(5.56)
Buy	GBP / EUR	1.192	65.23	(26.30)
Buy	GBP / USD	1.7101	113.14	(27.83)
Buy	KRW / USD	0.0009	559.53	(17.66)
Total				**(191.34)**
Grand Total				**(245.14)**

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SCHEDULE '20' (Contd.)

(c) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as of 31-Mar-2010:

		As on 31-3-2010				
		Average Price (USD / Unit)	Qty	Unit	Notional value (USD in Millions)	Fair Value Gain/(Loss) (Rs. in Crores)
Commodity futures / forwards						
Cash flow hedges						
Aluminium	Sell	2,320.91	11,000	MT	25.53	(0.15)
Gold	Sell	1,032.61	207,144	TOZ	213.90	(67.11)
Silver	Sell	16.58	1,123,556	TOZ	18.63	(3.78)
Electricity	Buy	32.33	1,671,040	MWh	54.02	(157.10)
Total					**312.08**	**(228.14)**
Non-Designated Hedges						
Copper	Buy	7,508.11	3,700	MT	27.78	10.43
Copper	Sell	7,589.29	2,800	MT	21.25	(11.47)
Aluminium	Buy	2,036.47	541,860	MT	1,103.48	589.53
Aluminium	Sell	2,266.85	-482,406	MT	(1,093.54)	(253.74)
Gold	Buy	1,107.08	551	TOZ	0.61	(0.65)
Gold	Sell	1,109.66	6,137	TOZ	6.81	(22.00)
Silver	Buy	*	0		-	0.01
Silver	Sell	17.00	242,356	TOZ	4.12	(2.63)
Mid-West Premium	Buy	0.06	0	Lbs	-	(0.06)
Natural Gas	Buy	5.91	4,200,000	MMBtu	24.84	(25.79)
Total					**95.35**	**283.63**
Commodity options						
Cash flow hedges						
Copper	Sell		1375	MT	10.71	(0.80)
Total					**10.71**	**(0.80)**
Non-Designated Hedges						
Copper	Sell	*	5300	MT	40.03	(9.84)
Aluminium	Sell	3,660.00*	-2,250	MT	(14.49)	(0.26)
Aluminium	Buy	2803.03	1,188	MT	3.33	2.79
Total					**28.87**	**(7.31)**
Commodity Swaps						
Cash flow hedges						
Copper	Sell	7664	1375	MT	10.54	(0.57)
Total					**10.54**	**(0.57)**
Non-Designated Hedges						
Copper	Sell	7271*	6050	MT	43.99	(15.07)
Aluminium	Sell	*	0	MT	-	(1.73)
Total					**43.99**	**(16.80)**

*** Includes derivatives matured within 31-Mar-10 for which cash flow to happen on settlement date during April, 2010, fair value of the same is Rs. 3.61 crores.**

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SCHEDULE '20' (Contd.)

The following table presents the outstanding position and fair value of various commodity derivative financial instruments as of 31-Mar-2009:

		As on 31-3-2009				
		Average Price (USD / Unit)	Qty	Unit	Notional value (USD in Millions)	Fair Value Gain/(Loss) (Rs. in Crores)
Commodity futures / forwards						
Cash flow hedges						
Electricity	Buy	90.15	1,919,296	MWh	64.52	(91.61)
Total					**64.52**	**(91.61)**
Non-Designated Hedges						
Mid-West Premium	Buy	0.06	9,920	Lbs	0	10.67
Heating Oil	Buy	2.35	3,402,000	Gal	7.99	(13.97)
Natural Gas	Buy	7	3,860,000	MMBtu	25.42	(46.22)
Aluminium	Buy	2397.95	653,080	MT	1,566.06	(2,393.61)
Aluminium	Sell	2430.55	(422,322)	MT	(1,026.47)	570.33
Total					**573.00**	**(1,872.80)**
Commodity swaps (Non-Designated hedges)						
Copper	Sell	5006	3,750	MT	**18.77**	**18.70**
Commodity options (Non–Designated hedges)						
Aluminium	Sell *	2978.86	(57,716)	MT	(171.93)	(351.66)
Aluminium	Buy *	2369.22	108,800	MT	257.77	80.21
Copper	Sell		1,625	MT	14.36	30.47
Total					**100.20**	**(240.99)**
Grand Total					**756.49**	**(2,186.70)**

* The "Sell" and "Buy" options include calls and puts.

(d) The following table presents the outstanding position and fair value of various interest rate derivative financial instruments as of 31-Mar-2010:

	As of 31-3-2010			
	Fixed leg	Average price (USD/Unit)	Notional value (USD in Millions)	Fair value Gain/(Loss) (Rs. In crores)
Interest rate swaps				
Cash flow hedges				
1M USD Libor	Pay fixed	1.65%	520.00	(30.01)
3M Euribor	Pay fixed	2.21%	60.00	(5.88)
3M USD Libor	Pay fixed	2.15%	465.00	(34.99)
Total				**(70.88)**

The following table presents the outstanding position and fair value of various interest rate derivative financial instruments as of 31-Mar-2009:

	As of 31-3-2010			
	Fixed leg	Average price (USD/Unit)	Notional value (USD in Millions)	Fair value Gain/(Loss) (Rs. In crores)
Interest rate swaps				
Cash flow hedges				
1M USD Libor	Pay fixed	1.49%	300	(11.61)
3M USD Libor	Pay fixed	4.00%	400	(53.68)
3M USD Libor	Pay fixed	2.12%	360	(25.93)
Total				**(91.22)**

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(e) The following table presents details of Amount held in Hedging Reserve as on 31-Mar-10 and the period during which these are going to be released and affect Profit and Loss Account:

(Rs. in Crores)

Hedge Instrument Type	Product / Currency Pair	Closing Value Hedging Reserve as on 31st March, 2010	In less than 12 Months	After 12 months
		Gain / (Loss)	Gain / (Loss)	Gain / (Loss)
Commodity Forwards	Aluminium	(0.18)	(0.18)	-
	Gold	(36.51)	(36.51)	-
	Silver	(4.56)	(4.56)	-
	Electricity	(160.09)	(23.78)	(136.30)
	Total	**(201.34)**	**(65.03)**	**(136.30)**
Commodity Swaps	Copper	(0.56)	(0.56)	-
Commodity Options	Copper	(0.39)	(0.39)	-
Debt Liability		64.92	64.92	-
Interest rate swaps	1M USD Libor	(29.55)	(40.33)	10.79
	3M Euribor	(5.61)	(0.59)	(5.02)
	3M USD Libor	(25.80)	7.00	(32.80)
	Total	**(60.96)**	**(33.92)**	**(27.04)**
Foreign currency Forwards	CHF_INR	(1.44)	(0.69)	(0.75)
	EUR_INR	(107.17)	(93.54)	(13.64)
	GBP_INR	(1.62)	(1.38)	(0.23)
	NOK_INR	(2.05)	(1.76)	(0.29)
	USD_INR	93.24	93.24	-
	USD_AUD	0.31	0.31	-
	Total	**(18.73)**	**(3.82)**	**(14.91)**
Grand Total		**(217.05)**	**(38.80)**	**(178.25)**

(f) The following tables presents the amount of Gain/(Loss) recognized in Hedging Reserve and recycled during the year 2009-10:

(Rs. in Crores)

Item	Opening Balance	Amount recognized	Amount recycled	CTA	Closing Balance
Commodity	(89.00)	(320.35)	(191.79)	15.27	(202.28)
Forex	-	257.44	211.25	-	46.19
Interest	(83.72)	13.42	-	9.35	(60.96)
Total	**(172.72)**	**(49.49)**	**19.46**	**24.62**	**(217.05)**

The following tables presents the amount of Gain/(Loss) recognized in Hedging Reserve and recycled during the year 2008-09:

(Rs. in Crores)

Item	Opening Balance	Amount recognized	Amount recycled	CTA	Closing Balance
Commodity	61.15	(90.69)	59.68	0.22	(89.00)
Interest	(59.36)	(7.60)	(0.37)	(17.13)	(83.72)
Total	**1.80**	**(98.29)**	**59.31**	**(16.92)**	**(172.72)**

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SCHEDULE '20' (Contd.)

(g) The following table presents the details of amount recycled from Hedging Reserve and reference of the line item in Profit and Loss Account where those amounts are included in the year 2009-10:

Schedule No	Schedule Line Item	(Rs. in Crores)
15	Net Sales	187.92
18	Raw Materials Consumed	230.58
18	(Gain) / Loss in change in Fair value of derivatives (net)	73.97

The following table presents the details of amount recycled from Hedging Reserve and reference of the line item in Profit and Loss Account where those amounts are included in the year 2008-09:

Item	Schedule No	Schedule Line Item	(Rs. in Crores)
Commodity	18	(Gain) / Loss in change in Fair Value of derivatives (net)	59.68
Interest	18	(Gain) / Loss in change in Fair Value of derivatives (net)	(0.37)

(h) **Sensitivities**

The following table presents the estimated potential changes in the fair values of the foreign currency derivative financial instruments as of 31-Mar-2010 given a 10% changes in their respective indexes:

(Rs. in Crores)

Currency Pair	Change in Rate/Price	Change in NPV	Change in Profit & Loss Account	CTA	Change in Hedging Reserve
USD_INR	10%	212.78	111.91	-	100.87
EUR_INR	10%	118.52	13.71	-	104.81
GBP_INR	10%	2.21	0.22	-	1.98
NOK_INR	10%	3.20	0.47	-	2.74
CHF_INR	10%	1.43	0.21	-	1.22
EUR _ USD	10%	178.15	95.67	82.49	-
BRL _ USD	10%	91.01	91.01	-	-
KRW _ USD	10%	21.07	21.07	-	-
CAD _ USD	10%	20.17	20.17	-	-
GBP _ USD	10%	2.82	2.82	-	-
CHF _ USD	10%	19.28	19.28	-	-
USD_AUD	10%	(4.16)	-	-	4.16
USD_AUD	-10%	3.84	-	-	(3.84)
Debt	10%	297.46	28.53	-	268.93

The following table presents the estimated potential change in the fair values of the commodity derivative financial instruments as of 31-Mar-2010, given a 10% change in their respective indexes (LME in case of Aluminium and Copper, LBMA in case of Gold and Silver, NYMEX NYISO Zone, a Peak Rate in the case of Electricity):

(Rs. in Crores)

Types of Derivative	Change in Rate/Price	Change in NPV	Change in Profit & Loss Account	Change in Hedging Reserve
Forwards	10%	198.31	90.95	101.77
Forwards	-10%	(17.10)	(14.73)	2.36
Options	10%	14.45	10.51	(3.95)
Options	-10%	(13.44)	(10.10)	3.34

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SCHEDULE '20' (Contd.)

The following table presents the estimated potential change in the fair values of the interest rate derivative financial instruments as of 31-Mar-2010, given a 10% change in their respective indexes (USD Libor in case of Interest rate swaps):

(Rs. in Crores)

Types of Derivative	Change in Rate/Price	Change in NPV	Change in Hedging Reserve
1M USD LIBOR	10%	2.94	2.94
3M USD LIBOR	10%	7.48	7.48
3M EURIBOR	10%	1.28	1.28

15. Additional Information:

(Rs. in Crores)

	2009-10		2008-09
	Shares in Joint Ventures	Consolidated	Consolidated
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1.08	12,852.26	4,211.75
(b) Contingent liabilities not provided for in respect of:			
i. Claims against the Company not acknowledged as debts	-	792.13	762.43
ii. Bills discounted with Banks	-	0.19	-
iii. Corporate Guarantees outstanding	16.71	108.85	84.36
iv. Custom duty on Capital goods and Raw Materials imported under Advance License/ EPCG Scheme against which Export obligations to be fulfilled	-	168.46	187.78

16. Major components of Deferred Tax arising on account of temporary timing differences are as under:

(Rs. in Crores)

	2009-10	2008-09
Deferred Tax Liability:		
Depreciation	5,526.68	5,751.24
Others	935.26	731.87
	6,461.94	**6,483.11**
Deferred Tax Assets:		
Un-amortized Expenditure	34.63	19.83
Brought forward Business Loss	1,251.26	1,205.23
Others	1,237.85	2,447.49
	2,523.74	**3,672.55**
Deferred Tax Liability (Net)	**3,938.20**	**2,810.56**

17. Exchange (gain)/loss have been accounted for under respective heads of account as under:

(Rs. in Crores)

	2009-10	2008-09
Sales and Operating Revenues	9.39	55.96
Manufacturing and Other Expenses	(278.40)	775.20
Interest and Finance Charges	-	21.29
Total	**(269.01)**	**852.45**

18. (a) Future obligation under non-cancelable operating leases are as under:

(Rs. in Crores)

	2009-10	2008-09
Not later than one year	129.04	134.78
Later than one year and not later than five years	272.81	319.80
Later than five years	112.30	121.34

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SCHEDULE '20' (Contd.)

(b) Future obligations towards minimum lease payments under the finance leases taken on or after 1st April, 2001 are as under:

(Rs. in Crores)

	2009-10		2008-09	
	Payment	Present Value	Payment	Present Value
Not later than one year	36.16	36.13	38.28	38.16
Later than one year and not later than five years	124.56	85.33	136.99	95.02
Later than five years	132.38	67.07	172.85	70.46

19. Segment Reporting:

(a) Primary Segment (by Business Segment):

i) The Group has three reportable segments viz. Aluminium, Copper and Others which have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segment are as under:

a. **Aluminium** : Alumina, Aluminium Metal and Aluminium Metal Products.
b. **Copper** : Continuous Cast Copper Rods, Copper Cathodes, Sulphuric Acid, DAP & Complexes, Gold and Silver.
c. **Others** : Caustic and Others.

ii) Inter-segment transfers are at market rates.

iii) Information about Primary Segment is follows:

(Rs. in Crores)

Particulars	2009-10				2008-09			
	Aluminium	Copper	Others	Total	Aluminium	Copper	Others	Total
REVENUE								
External Sales	48,073.20	12,571.11	77.80	60,722.11	54,285.24	11,092.66	585.05	65,962.95
Inter-segment transfers	17.99	3.73	131.28	153.00	21.18	5.40	133.50	160.08
Total Revenue	48,091.19	12,574.84	209.08	60,875.11	54,306.42	11,098.06	718.55	66,123.03
RESULTS								
Segment Results	5,998.03	1,003.49	72.14	7,073.66	(425.31)	374.11	123.36	72.16
Less: Unallocated Corporate Expenses				(70.62)				(85.43)
Operating Profit				7,003.04				(13.27)
Add Unallocated Other income				281.86				636.39
Less: Interest Expenses				(1,104.14)				(1,228.04)
Less: Provision for Taxes				(1,828.91)				953.75
Profit before Minority Interests				4351.85				348.83
OTHER INFORMATION								
Assets:								
Segment Assets	45,821.27	10,502.64	343.94	56,667.85	45,130.62	8,185.44	304.82	53,620.88
Unallocated Corporate Assets				12,567.42				11,772.94
Total Assets				69,235.27				65 393.82
Liabilities:								
Segment Liabilities	12,393.06	2,854.83	28.60	15,276.49	14,749.89	1,312.57	34.84	16,097.30
Unallocated Corporate Liabilities				32 414.17				33 538.25
Total Liabilities				47,690.66				49,635.55
Capital Expenditure	5,828.15	145.58	9.66		2,217.12	197.61	35.04	
Non-Cash Expenses:								
Depreciation (including Impairment)	2,391.24	365.07	20.38		2,575.95	365.67	90.64	
Others	25.57	1.23	-		8.60	1 .67	1.60	

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SCHEDULE '20' (Contd.)

(b) Secondary Segment (by Geographical demarcation):

i) The secondary segment is based on geographical demarcation i.e. India and Rest of the World.

ii) Information about Secondary Segment is follows:

(Rs. in Crores)

Particulars	2009-10			2008-09		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	14,425.36	46,449.75	60,875.11	13,611.13	52,511.90	66,123.03
Segment Assets	22,195.35	34,472.50	56,667.85	17,013.37	36,607.51	53,620.88
Capital Expenditure	3,638.76	2,344.63	5,983.39	1,711.34	738.43	2,449.77

20. Earnings Per Share (EPS):

(Rs. in Crores)

	2009-10	2008-09
Net Profit	**3,925.47**	**483.89**
Less: Dividend on Preference Shares (including Dividend Tax)	-	(0.03)
Net Profit attributable to Equity Shareholders	**3,925.47**	**483.86**
Less: Tax adjustment for earlier years	(102.98)	(149.11)
Profit before Tax adjustment for earlier years	**3,822.49**	**334.75**
Weighted average number of Basic Equity Shares outstanding	1,770,939,077	1,505,245,463
Weighted average number of Diluted Equity Shares outstanding	1,771,286,354	1,505,245,463
Face value of Equity Shares (in Re.)	1.00	1.00
Earnings per Share (EPS):		
Basic EPS (in Rs.)	22.17	3.21
Diluted EPS (in Rs.)	22.16	3.21
Basic EPS before Tax adjustment for earlier years (in Rs.)	21.58	2.22
Diluted EPS before Tax adjustment for earlier years (in Rs.)	21.58	2.22

21. Disclosure in respect of Related Party pursuant to Accounting Standard 18:

(a) List of Related Parties:

(i) Associates:
Aditya Birla Science and Technology Company Limited
IDEA Cellular Limited
Aluminium Norf GmbH
Consorcio Candonga
MiniMRF LLC (Delaware)
Deutsche Aluminium Verpackung Recycling GmbH
France Aluminium Recyclage SA

(ii) Joint Ventures:
Mahan Coal Limited
Hydromine Global Minerals (GMBH) Limited

(iii) Trust:
Trident Trust

(iv) Key Managerial Personnel:
Mr. D. Bhattacharya - Managing Director

(b) The following transactions were carried out with the related parties in the ordinary course of business:

(i) **Associates and Joint Ventures:**

(Rs. in Crores)

	2010		2009	
	Associates	Joint Ventures	Associates	Joint Ventures
Transactions during the year ended 31st March:				
Service Received	1,155.19	-	1,187.48	0.51
Purchase of Goods/ Power	5.45	-	80.84	-
Service Rendered	0.15	-	-	-
Interest and Dividend Received	11.12	-	2.84	-
Investments, Deposits, Loans and Advances given	33.58	1.74	82.22	0.83
Investments, Deposits, Loans and Advances received	16.61	-	94.46	-
Balance as at 31st March:				
Debit Balance	108.01	-	125.08	0.03
Credit Balance	238.86	-	242.62	-
Investments, Deposits, Loans and Advances	4,256.18	2.57	4,845.28	0.83

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SCHEDULE '20' (Contd.)

(ii) **Trust:** (Rs. in Crores)

	2009-10	2008-09
Beneficiary Interest in Trust	34.45	34.45

(iii) **Key Managerial Personnel**: (Rs. in Crores)

	2009-10	2008-09
Managerial Remuneration (including perquisites) *	13.15	11.09

* Excluding gratuity, leave encashment provisions and employee compensation under Employee Stock Option Scheme.

22. Figures of previous year have been regrouped/ rearranged wherever necessary.

As per our report annexed.

For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 4th day of June, 2010

For and on behalf of the Board

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Crores)

	Name of the Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments**	Turnover/ Revenues	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend
1	Indal Exports Limited	India	0.14	0.36	0.50	0.01	0.46	0.01	(0.00)	-	(0.00)	-
2	Minerals & Minerals Limited	India	0.05	1.12	1.46	0.29	-	0.41	0.03	0.02	0.01	-
3	Renuka Investments & Finance Limited	India	9.25	34.19	43.88	0.44	30.95	2.84	2.67	0.26	2.41	-
4	Renukeshwar Investments & Finance Limited	India	4.80	24.61	29.44	0.03	24.83	1.41	1.38	0.48	0.90	-
5	Suvas Holdings Limited	India	3.97	(0.00)	4.01	0.04	-	-	-	-	-	-
6	Utkal Alumina International Limited	India	1,050.24	(15.41)	2,034.48	999.65	101.82	13.33	(12.43)	2.98	(15.41)	-
7	Aditya Birla Chemicals (India) Limited (formerly known as Bihar Caustic & Chemicals Ltd.)	India	23.39	265.97	402.50	113.14	30.94	243.48	71.22	10.48	60.74	3.51
8	Hindalco-Almex Aerospace Limited	India	92.37	(21.90)	100.17	29.70	-	23.19	(6.60)	-	(6.60)	-
9	HAAL (USA) Inc $	USA	0.00	0.12	0.19	0.07	-	1.21	0.13	-	0.13	-
10	Lucknow Finance Company Limited	India	12.00	8.63	21.88	1.25	5.00	2.54	2.32	0.49	1.83	-
11	Dahej Harbour and Infrastructure Limited	India	50.00	260.05	335.42	25.37	134.29	75.66	53.18	7.15	46.03	-
12	East Coast Bauxite Mining Company Private Limited	India	0.01	(0.01)	0.01	0.01	-	-	(0.00)	-	(0.00)	-
13	Tubed Coal Mines Limited	India	4.95	(0.06)	5.02	0.14	-	0.05	(0.05)	0.01	(0.06)	-
14	Mauda Energy Limited	India	0.15	-	0.15	-	-	-	-	-	-	-
15	Aditya Birla Minerals Limited *	Australia	1,852.64	(7.26)	1,904.91	59.53	-	18.68	17.01	(0.14)	17.15	-
16	Birla Nifty Pty Limited ^ *	Australia	359.35	430.41	1,886.22	1,096.46	-	1,581.76	450.27	135.06	315.21	-
17	Birla Maroochydore Pty Limited ^ *	Australia	41.11	(21.23)	53.54	33.67	-	4.00	1.28	0.38	0.89	-
18	Birla Mt Gordon Pty Limited ^ *	Australia	98.66	(233.73)	295.39	430.46	-	72.60	(74.13)	(22.24)	(51.89)	-
19	Birla Resources Pty Limited *	Australia	2.67	(0.00)	2.71	0.04	-	0.15	0.00	-	0.00	-
20	A V Minerals (Netherlands) B.V. *	Netherlands	12,733.48	(1,547.95)	15,773.80	4,588.27	-	0.97	(402.51)	-	(402.51)	-
21	A V Metals Inc, Canada # *	Canada	15,751.97	(16.74)	15,751.75	16.52	-	-	(0.92)	-	(0.92)	-
22	A V Aluminium Inc, Canada ##*	Canada	15,751.75	(159.03)	15,602.02	9.30	-	-	(9.82)	-	(9.82)	-

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FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Crores)

	Name of the Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments**	Turnover/ Revenues	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend
23	Novelis Inc. ### *	Canada	-	3,210.97	11,856.59	8,645.62	-	4,021.49	(178.03)	(116.36)	(61.67)	-
24	4260848 Canada Inc. @ *	Canada	553.70	64.08	618.86	1.08	-	-	-	1.68	(1.68)	-
25	4260856 Canada Inc. @ *	Canada	830.54	88.72	920.87	1.61	-	-	-	2.52	(2.52)	-
26	Novelis No. 1 Limited Partnership @ *	Canada	0.00	509.61	514.54	4.93	-	-	(0.78)	-	(0.78)	-
27	Novelis Brand LLC @ *	USA	0.00	134.49	649.03	514.54	-	-	94.69	-	94.69	-
28	Novelis South America Holdings LLC @ *	USA	0.00	-	0.00	-	-	-	-	-	-	-
29	Aluminum Upstream Holdings LLC @ *	USA	0.00	(0.00)	-	-	-	-	-	-	-	-
30	Novelis (India) Infotech Ltd. @ *	India	21.16	(2.31)	21.43	2.58	-	-	4.43	-	4.43	-
31	Novelis Corporation (Texas) @ *	USA	0.00	728.98	11,412.64	10,683.66	2.43	15,841.09	1,396.44	541.92	854.52	-
32	Novelis de Mexico S.A. de C.V. @ *	Mexico	0.03	0.18	0.32	0.11	-	-	(0.21)	-	(0.21)	-
33	Novelis do Brasil Ltda. @ *	Brasil	301.85	1,925.76	5,886.56	3,658.95	206.48	4,055.69	226.30	327.74	(101.44)	16.60
34	Novelis Madeira, Unipessoal, Lda @ *	Portugal	5.58	64.47	305.69	235.64	-	824.40	55.14	-	55.14	-
35	Novelis Korea Limited @ *	S. Korea	868.45	829.14	4,000.41	2,302.82	-	6,766.48	716.39	148.97	567.42	249.33
36	Alcom Nikkei Specialty Coatings Sdn BHD. @ *	Malaysia	41.39	4.08	76.96	31.49	-	140.36	(0.87)	(0.39)	(0.48)	-
37	Aluminum Company of Malaysia Berhad @ *	Malaysia	249.98	24.85	316.63	41.80	-	336.32	3.19	0.07	3.12	-
38	Al Dotcom Sdn. BHD. @ *	Malaysia	-	-	-	-	-	-	-	-	-	-
39	Novelis UK Ltd. @ *	England	1,097.37	(1,114.91)	749.82	767.36	-	1,887.79	119.63	1.33	118.30	-
40	Novelis Services Limited @ *	Wales	0.04	(4.56)	334.17	338.69	-	-	(4.14)	10.03	(14.17)	-
41	Novelis Deutschland GmbH @ *	Germany	283.72	1,565.94	4,911.48	3,061.82	2,967.74	10,005.72	907.09	271.79	635.30	-
42	Novelis Aluminium Beteiligungsgesellschaft mbH @ *	Germany	0.10	0.20	0.30	0.00	-	-	(0.00)	0.00	(0.00)	-
43	Novelis Switzerland SA @ *	Switzerland	13.13	314.99	1,177.83	849.71	-	1,458.94	85.80	20.59	65.21	-
44	Novelis Laminés France SAS @ *	France	16.33	18.51	39.57	4.73	-	-	14.03	3.96	10.07	-
45	Novelis Italia SpA @ *	Italy	693.42	(518.71)	667.54	492.83	-	1,126.92	13.07	3.37	9.70	-
46	Novelis Benelux NV @ *	Belgium	6.40	6.05	13.06	0.61	-	-	(0.13)	0.02	(0.15)	-
47	Novelis Aluminium Holding Company @ *	Ireland	883.57	1,182.27	4,463.96	2,398.12	-	-	(191.79)	(0.40)	(191.39)	-
48	Novelis Luxembourg SA @ *	Luxembourg	501.37	(89.97)	685.09	273.69	-	724.96	19.79	5.96	13.83	-
49	Novelis Cast House Technology Ltd. @ *	Canada	-	-	-	-	-	-	-	-	-	-
50	Eurofoil Inc. (USA) @ *	USA	-	-	-	-	-	-	-	-	-	-
51	Novelis PAE Corporation @ *	USA	1.46	0.15	1.61	-	-	-	-	-	-	-
52	Novelis PAE SAS @ *	France	21.38	(40.30)	52.87	71.79	-	125.12	13.27	1.02	12.25	-
53	Novelis Foil France SAS @ *	France	48.09	(293.24)	275.92	521.07	-	584.67	(24.50)	2.46	(26.96)	-
54	Novelis Belgique SA @ *	Belgium	111.29	(92.87)	22.28	3.86	-	-	3.81	-	3.81	-
55	Novelis Europe Holdings Limited @ *	Wales	985.74	2,577.90	3,691.36	127.72	-	-	(38.43)	(3.33)	(35.10)	-
56	Novelis Technology AG @ *	Switzerland	1.43	2.52	3.96	0.01	-	-	(0.05)	0.01	(0.06)	-
57	Novelis AG @ *	Switzerland	2.60	(163.25)	3,202.95	3,363.60	-	-	(13.47)	16.28	(29.75)	-
58	Logan Aluminium Inc. @ *	USA	1.00	(23.13)	582.20	604.33	-	1,663.76	8.77	3.71	5.06	-
59	Evermore Recycling LLC @ *	USA	-	1.46	2.61	1.15	-	0.05	(5.71)	0.00	(5.71)	-
60	Albrasilis - Aluminio do Brasil Industria e Comércio Ltda @ *	Brasil	-	-	-	-	-	-	-	-	-	-

* Balance sheet items are translated at closing Exchange rate and Profit/(Loss) items are translated at Average exchange rate.
$ Subsidiary of Hindalco-Almex Aerospace Limited.
^ Subsidiary of Aditya Birla Minerals Limited.
Subsidiary of AV Minerals (Netherlands) B.V.
Subsidiary of AV Metals Inc, Canada.
Subsidiary of AV Aluminium Inc, Canada.
@ Subsidiary of Novelis Inc.
** Excluding Investment in Subsidiaries.

Note :

The Ministry of Corporate affairs, Government of India vide its order No. 47/326/2010-CL-III dated 6th August, 2010 issued under Section 212 (8) of the Companies Act, 1956, has exempted the Company from attaching the documents of Company's subsidiaries, required to be attached under Section 212 (1) of the Companies Act, 1956, for the financial year ended on 31.03.2010. However annual accounts of the Subsidiary Companies and the related detailed information will be made available to the investors of the Company and subsidiaries of the Company, seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the Company and the concerned Subsidiary of the Company.

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ADITYA BIRLA
HINDALCO

VISION, MISSION & VALUES

Vision

"To be a premium Metals major, global in size and reach, with a passion for excellence"

Mission

"To relentlessly purse the creation of superior shareholder value by exceeding customer expectations profitably, unleashing employee potential and being a responsible corporate citizen adhering to our values"

Values

Integrity *Honesty in every action.*

Commitment *Doing whatever it takes to deliver, as promised.*

Passion *Missionary zeal arising out of an emotional engagement with work.*

Seamlessness *Thinking and working together across functional silos, hierarchy levels, businesses and geographies.*

Speed *Responding to stakeholders with a sense of urgency.*

HINDALCO & ITS SUBSIDIARIES/JVs

Hindalco Industries Limited	:	Aluminium, Copper
Subsidiaries		
• Novelis Inc., Canada	:	Aluminium Rolled Products
• Aditya Birla Chemicals (India) Limited	:	Caustic Soda, Liquid Chlorine, Hydrochloric Acid
• Aditya Birla Minerals Limited	:	Copper Mining
• Hindalco-Almex Aerospace Limited	:	Aerospace Alloy
• Utkal Alumina International Limited	:	Alumina
• Dahej Harbour & Infrastructure Limited	:	Handling of Captive Cargo (Copper Unit) and Commercial Cargo
• Novelis (India) Infotech Ltd.	:	Information Technology Services
• Tubed Coal Mines Ltd.	:	Mining
Joint Ventures		
• Mahan Coal Limited	:	Mining

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